

Beaufort West

MUNICIPALITY



[These financial statements have not been audited]

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2017

BEAUFORT WEST LOCAL MUNICIPALITY

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BEAUFORT WEST LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution (Act no 108 of 1996).

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

JURISDICTION

The Beaufort West Municipality includes the following areas:

Beaufort West
Nelspoort
Merweville
Murraysburg

ACTING MUNICIPAL MANAGER

Mr. K. Haarhoff

ACTING CHIEF FINANCIAL OFFICER

Mr. C.J. Kymdell

REGISTERED OFFICE

112 Donkin Street
BEAUFORT WEST
6970

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Nedbank, Beaufort West

ATTORNEYS

Crawford Attorneys, Beaufort West
Van Niekerk Attorneys, Beaufort West

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Remuneration of Public Office Bearers Act (Act no 20 of 1998)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALGBC Leave Regulations

BEAUFORT WEST LOCAL MUNICIPALITY

MEMBERS OF THE BEAUFORT WEST LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	O. Haarvoor
2	K. Alexander
3	L. Basson
4	S.M. Motsokane
5	M.A. Kilani
6	E. Wentzel
7	J.J. van der Linde
Proportional	L. Deyce
Proportional	E. Lawrence
Proportional	Z.J.D. Lambert
Proportional	H.T. Prince
Proportional	N. Constable
Proportional	A.M. Slabbert

Councillors which resigned during the 2016/2017 Financial Year.

WARD	COUNCILLOR
7	K. Malooi

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2017, which are set out on pages 1 to 96 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr. K. Haarhoff
Municipal Manager

31 August 2017
Date

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		436 200 452	406 332 022
Capital Replacement Reserve	2	3 245 451	3 078 397
Housing Development Fund	2	3 781 402	3 903 397
Self Insurance Reserve	2	626 624	2 270
Accumulated Surplus		428 546 975	399 347 958
Non-Current Liabilities		62 949 581	61 026 053
Long-term Liabilities	3	12 748 353	11 120 035
Employee benefits	4	28 823 365	29 856 677
Non-Current Provisions	5	21 377 863	20 049 341
Current Liabilities		64 616 988	62 312 652
Consumer Deposits	6	1 496 850	1 292 897
Current Employee benefits	7	9 508 288	8 401 419
Provisions - current portion	8	5 608 863	5 264 718
Payables From Exchange Transactions	9	30 094 023	31 714 585
Unspent Conditional Government Grants and Receipts	10	13 654 183	11 091 769
Unspent Public Contributions	11	91 106	80 747
Cash and Cash Equivalents	23	288 119	1 480 939
Current Portion of Long-term Liabilities	3	3 875 555	2 985 579
Total Net Assets and Liabilities		563 767 021	529 670 728
ASSETS			
Non-Current Assets		504 705 513	472 169 455
Property, Plant and Equipment	13	488 517 353	456 270 396
Investment Property	14	7 880 615	8 149 775
Intangible Assets	15	514 895	470 701
Capitalised Restoration Cost	16	249 416	205 747
Heritage Assets	17	5 225 000	5 225 000
Long-Term Receivables	18	2 318 233	1 847 836
Current Assets		59 061 508	57 501 273
Inventory	19	3 329 622	3 728 621
Trade Receivables from exchange transactions	20	17 263 873	13 967 550
Other Receivables from non-exchange transactions	21	24 770 304	15 660 680
Unpaid Conditional Government Grants and Receipts	10	-	-
Operating Lease Asset	22.1	53 002	53 002
Taxes	12	6 065 549	6 041 900
Current Portion of Long-term Receivables	18	653 553	-
Cash and Cash Equivalents	23	6 925 606	18 049 520
Total Assets		563 767 021	529 670 728

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 (Actual) R	2016 (Restated) R	Correction of error R	2016 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		191 495 719	197 492 336	0	197 492 336
Taxation Revenue		28 321 862	26 031 092	-	26 031 092
Property taxes	24	28 321 862	26 031 092	-	26 031 092
Transfer Revenue		106 081 701	110 558 233	0	110 558 233
Government Grants and Subsidies - Capital	25	42 380 983	14 556 432	0	14 556 431
Government Grants and Subsidies - Operating	25	62 300 718	96 001 801	-	96 001 801
Contributed PPE		1 400 000	-	-	-
Other Revenue		57 092 156	60 903 011	-	60 903 011
Actuarial Gains	4	3 409 367	506 605	-	506 605
Fines		53 653 569	60 208 467	-	60 208 467
Reversal of Impairment		29 220	35 932	-	35 932
Rehabilitation Income		-	152 007	-	152 007
Gain on disposal of PPE		-	-	-	-
Revenue from Exchange Transactions		116 038 156	111 828 997	-	111 828 997
Property Rates - penalties imposed and collection charges		592 667	553 226	-	553 226
Service Charges	26	102 525 788	97 609 062	-	97 609 062
Rental of Facilities and Equipment		1 224 957	1 084 577	-	1 084 577
Interest Earned - external investments		1 353 526	1 883 282	-	1 883 282
Interest Earned - outstanding debtors		2 662 107	2 040 656	-	2 040 656
Licences and Permits		522 566	563 139	-	563 139
Agency Services		714 126	659 511	-	659 511
Other Income	27	6 442 419	7 435 544	-	7 435 544
Total Revenue		307 533 875	309 321 333	0	309 321 333
EXPENDITURE					
Employee related costs	28	87 690 789	79 879 565	-	79 879 565
Remuneration of Councillors	29	4 783 875	4 522 248	-	4 522 248
Debt Impairment	30	39 542 358	69 311 226	-	69 311 226
Collection Cost		9 200	7 200	-	7 200
Depreciation and Amortisation	31	16 560 133	15 280 200	-	15 280 200
Repairs and Maintenance	33	14 309 053	24 129 149	21 486	24 107 663
Actuarial losses	4	-	-	-	-
Finance Charges	34	6 590 114	5 719 187	(35 013)	5 754 200
Bulk Purchases	35	53 350 203	47 916 083	-	47 916 083
Contracted services	36	14 263 324	11 956 991	-	11 956 991
Grants and Subsidies Paid	37	98 140	34 879	-	34 879
Stock Adjustments	35	8 161 899	8 400 222	-	8 400 222
Other Operating Grant Expenditure		1 625 872	2 539 411	-	2 539 411
Loss on disposal of PPE		4 829 623	23 278	-	23 278
General Expenses	38	25 850 863	51 025 977	191 187	50 834 790
Total Expenditure		277 665 446	320 745 616	177 660	320 567 956
Operating Surplus for the Year		29 868 429	(11 424 283)	(177 660)	(11 246 623)
Loss on disposal of Property, Plant and Equipment/Investment Property		-	-	-	-
Gain on disposal of Property, Plant & Equipment/Investment Property		-	-	-	-
Fair Value Adjustments		-	-	-	-
NET SURPLUS FOR THE YEAR		29 868 429	(11 424 283)	(177 660)	(11 246 623)

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Self Insurance Reserve	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R
Balance at 1 July 2015	1 196 864	4 062 271	10 491 152	402 966 600	418 716 887
Correction of error - See Note 39.02	-	-	-	(960 597)	(960 597)
Restated Balance at 1 July 2015	1 196 864	4 062 271	10 491 152	402 006 002	417 756 289
Net Surplus/(Deficit) for the year	-	-	-	(11 424 283)	(11 424 283)
Correction of error - See Note 39.01	-	-	-	-	-
Contribution to Insurance Reserve	(1 047 539)	-	-	1 047 539	-
Insurance claims processed	(147 055)	-	-	147 055	-
Transfer to CRR	-	-	(5 991 771)	5 991 771	-
Property, Plant and Equipment purchased	-	-	(1 420 984)	1 420 984	-
Transfer to Housing Development Fund	-	(158 874)	-	158 874	-
Rounding	-	-	-	16	16
Balance at 30 JUNE 2016	2 270	3 903 397	3 078 397	399 347 958	406 332 022
Restated Balance at 1 July 2016	2 270	3 903 397	3 078 397	399 347 958	406 332 022
Net Surplus/(Deficit) for the year	-	-	-	29 868 429	29 868 429
Transfer to/from CRR	-	-	2 886 789	(2 886 789)	-
Property, Plant and Equipment purchased	-	-	(2 719 735)	2 719 735	-
Contribution to Insurance Reserve	759 036	-	-	(759 036)	-
Insurance claims processed	(134 682)	-	-	134 682	-
Transfer to Housing Development Fund	-	(121 995)	-	121 995	-
Rounding	-	-	-	1	1
Balance at 30 June 2017	626 624	3 781 402	3 245 451	428 546 975	436 200 452

BEAUFORT WEST LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 R	2016 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		135 227 722	199 109 939
Government		118 996 480	122 447 181
Interest		4 015 633	3 923 938
Payments			
Suppliers and employees		(210 878 076)	(295 514 717)
Finance charges	34	(6 590 114)	(5 719 187)
Transfers and Grants		(98 140)	(34 879)
Net Cash from Operating Activities	40	40 673 504	24 212 275
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(51 762 942)	(18 211 835)
Proceeds on Disposal of Fixed Assets		0	(0)
Purchase of Intangible Assets		(231 340)	(274 841)
(Increase)/Decrease in Long-term Receivables		(1 128 611)	(112 358)
Net Cash from Investing Activities		(53 122 892)	(18 599 033)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		6 879 018	2 802 456
New loans (repaid)		(4 360 724)	(4 002 908)
Rounding		-	17
Net Cash from Financing Activities		2 518 294	(1 200 435)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(9 931 094)	4 412 806
Cash and Cash Equivalents at the beginning of the year		16 568 581	12 155 775
Cash and Cash Equivalents at the end of the year	41	6 637 487	16 568 581
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(9 931 094)	4 412 806

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	6 270	5 277 945	(5 271 675)	
Call investment deposits	6 919 336	3 725 000	3 194 336	
Primary bank account	-	-	-	
Consumer debtors	17 263 873	16 545 951	717 922	
Other Receivables	30 888 854	21 755 583	9 133 271	
Current portion of long-term receivables	-	-	-	
Inventory	3 329 622	3 952 338	(622 716)	
Total current assets	58 407 955	51 256 817	7 151 138	
Non current assets				
Long-term receivables	2 318 233	2 175 826	142 407	
Investments	-	-	-	
Investment property	7 880 615	7 883 420	(2 805)	
Property, plant and equipment	488 517 353	500 792 762	(12 275 409)	
Biological Assets	-	-	-	
Intangible Assets	514 895	261 650	253 246	
Other non-current assets	5 474 416	5 395 735	78 681	
Total non current assets	504 705 513	516 509 393	(11 803 880)	
TOTAL ASSETS	563 113 468	567 766 210	(4 652 742)	
LIABILITIES				
Current liabilities				
Bank overdraft	288 119	-	288 119	
Borrowing	3 875 555	4 397 712	(522 157)	
Consumer deposits	1 496 850	1 439 897	56 953	
Trade and other payables	43 839 312	34 344 189	9 495 123	
Provisions and Employee Benefits	15 117 151	14 349 444	767 708	
Total current liabilities	64 616 988	54 531 242	10 085 746	
Non current liabilities				
Borrowing	12 748 353	11 120 035	1 628 318	
Provisions and Employee Benefits	50 201 228	52 900 379	(2 699 151)	
Total non current liabilities	62 949 581	64 020 414	(1 070 833)	
TOTAL LIABILITIES	127 566 569	118 551 656	9 014 913	
NET ASSETS	435 546 899	449 214 554	(13 667 655)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	428 546 975	445 489 554	(16 942 579)	
Reserves	7 653 477	3 725 000	3 928 477	
TOTAL COMMUNITY WEALTH/EQUITY	436 200 452	449 214 554	(13 014 102)	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	321 187	4 956 757	5 277 945	
Call investment deposits	4 000 000	(275 000)	3 725 000	
Consumer debtors	31 778 365	(15 232 414)	16 545 951	
Other Receivables	20 543 997	1 211 586	21 755 583	
Inventory	3 329 718	622 621	3 952 338	
Total current assets	59 973 267	(8 716 450)	51 256 817	
Non current assets				
Long-term receivables	1 949 983	225 843	2 175 826	
Investment property	8 114 893	(231 473)	7 883 420	
Property, plant and equipment	490 517 884	10 274 878	500 792 762	
Intangible Assets	617 832	(356 182)	261 650	
Other non-current assets	7 128 294	(1 732 559)	5 395 735	
Total non current assets	508 328 885	8 180 507	516 509 393	
TOTAL ASSETS	568 302 152	(535 942)	567 766 210	
LIABILITIES				
Current liabilities				
Borrowing	4 397 712	-	4 397 712	
Consumer deposits	1 429 323	10 574	1 439 897	
Trade and other payables	33 912 217	431 972	34 344 189	
Provisions and Employee Benefits	13 648 422	701 022	14 349 444	
Total current liabilities	53 387 673	1 143 568	54 531 242	
Non current liabilities				
Borrowing	11 097 893	22 142	11 120 035	
Provisions and Employee Benefits	35 990 144	16 910 235	52 900 379	
Total non current liabilities	47 088 037	16 932 377	64 020 414	
TOTAL LIABILITIES	100 475 710	18 075 946	118 551 656	
NET ASSETS	467 826 442	(18 611 888)	449 214 554	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	464 101 442	(18 611 888)	445 489 554	
Reserves	3 725 000	-	3 725 000	
TOTAL COMMUNITY WEALTH/EQUITY	467 826 442	(18 611 888)	449 214 554	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	28 321 862	28 260 506	61 356	
Property rates - penalties & collection charges	592 667	600 000	(7 333)	
Service charges	102 525 788	112 461 800	(9 936 012)	Less income received from electricity than anticipated
Rental of facilities and equipment	1 224 957	1 388 566	(163 609)	
Interest earned - external investments	1 353 526	1 260 000	93 526	More cash available to be invested
Interest earned - outstanding debtors	2 662 107	2 563 000	99 107	
Fines	53 653 569	44 685 090	8 968 479	More fines revenue recognised into IGRAP1
Licences and permits	522 566	612 450	(89 884)	
Agency services	714 126	670 000	44 126	
Government Grants and Subsidies - Operating	62 300 718	63 596 653	(1 295 935)	
Other revenue	11 281 006	6 286 951	4 994 055	Mainly sold of municipal land and buildings (Kwa-Mand Clinic)
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	265 152 892	262 385 016	2 767 876	
EXPENDITURE BY TYPE				
Employee related costs	87 690 789	84 558 470	3 132 319	Mainly due to vacancies
Remuneration of councillors	4 783 875	5 021 122	(237 247)	Mainly due to few resignations
Debt impairment	39 542 358	34 800 014	4 742 344	Change in debt impairment methodology on trade debtors and IGRAP1 on traffic fines
Depreciation & asset impairment	16 560 133	16 152 491	407 642	Underspent on capital budget
Finance charges	6 590 114	1 611 523	4 978 591	Additional interest on non-current provisions and employee benefits
Bulk purchases	61 512 102	65 604 000	(4 091 898)	
Other materials	14 309 053	19 010 360	(4 701 307)	Less repairs due to cash flow
Contracted services	14 263 324	12 040 630	2 222 694	Mainly additional security services and Traffic Fines Commission
Grants and subsidies paid	98 140	171 000	(72 860)	
Impairments	-	-	-	
Other expenditure	27 485 935	38 737 228	(11 251 293)	Less expenditure due to cash flow
Loss on disposal of PPE	4 829 623	-	4 829 623	
Total Operating Expenditure	277 665 446	277 706 838	(41 392)	
Operating Deficit for the year	(12 512 554)	(15 321 822)	2 809 268	
Government Grants and Subsidies - Capital	42 380 983	56 996 155	(14 615 172)	Less capital grants received and expensed than anticipated
Net Surplus for the year	29 868 429	41 674 333	(11 805 904)	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	27 704 716	555 790	28 260 506	
Property rates - penalties & collection charges	600 000	-	600 000	
Service charges	110 852 636	1 609 164	112 461 800	Anticipated more electricity sales
Rental of facilities and equipment	1 274 531	114 035	1 388 566	
Interest earned - external investments	1 260 000	-	1 260 000	
Interest earned - outstanding debtors	2 086 600	476 400	2 563 000	
Dividends received	-	-	-	
Fines	49 409 090	(4 724 000)	44 685 090	Due to implementation of IGRAP1 on traffic fines
Licences and permits	610 450	2 000	612 450	
Agency services	670 000	-	670 000	
Government Grants and Subsidies - Operating	63 897 000	(300 347)	63 596 653	Less grants received
Other revenue	5 326 951	960 000	6 286 951	Additional income from sale of land and buildings
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	263 691 974	(1 306 958)	262 385 016	
EXPENDITURE BY TYPE				
Employee related costs	86 951 223	(2 392 753)	84 558 470	
Remuneration of councillors	4 966 835	54 287	5 021 122	
Debt impairment	37 233 014	(2 433 000)	34 800 014	Change in debt impairment methodology on trade debtors and IGRAP1 on traffic fines
Depreciation & asset impairment	16 152 491	-	16 152 491	
Finance charges	1 633 177	(21 654)	1 611 523	
Bulk purchases	65 244 000	360 000	65 604 000	
Other materials	21 891 605	(2 881 245)	19 010 360	Due to cash flow constraints
Contracted services	7 982 125	4 058 505	12 040 630	Mainly additional security services and Traffic Fines Commission
Grants and subsidies paid	150 000	21 000	171 000	
Other expenditure	35 555 723	3 181 505	38 737 228	
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	277 760 193	-53 355	277 706 838	
Operating Deficit for the year	(14 068 219)	(1 253 603)	(15 321 822)	
Government Grants and Subsidies - Capital	30 545 000	26 451 155	56 996 155	Additional grants received
Net Surplus for the year	16 476 781	25 197 552	41 674 333	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	135 227 722	159 972 433	(24 744 712)	Movement of prior year outstanding traffic fines revenue
Government - operating	76 615 497	53 199 053	23 416 444	More grants received than anticipated
Government - capital	42 380 983	56 598 426	(14 217 443)	Mainly unspent capital grant expenditure re grant revenue
Interest	4 015 633	3 823 000	192 633	Increase in cash available for investments
Payments				
Suppliers and Employees	(210 878 076)	(243 761 819)	32 883 743	Mainly due to movement in Trade Payables, Unspent Grants, Debt Impairment
Finance charges	(6 590 114)	(1 538 883)	(5 051 231)	Additional interest on non-current provisions and employee benefits
Transfers and Grants	(98 140)	(60 000)	(38 140)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	40 673 504	28 232 210	12 441 294	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	0	-	0	
Decrease/(increase) in non-current receivables	(1 128 611)	(438 367)	(690 244)	
Decrease/(increase) in non-current debtors	-	-	-	
Payments				
Capital assets	(51 994 282)	(60 199 449)	8 205 167	Less Grant Funding were utilized.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(53 122 892)	(60 637 816)	7 514 923	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	6 879 018	-	6 879 018	Take up of new loan
Increase/(decrease) in consumer deposits	-	147 000	(147 000)	
Payments				
Repayment of borrowing	(4 360 724)	1 412 133	(5 772 857)	Take up of new loan
NET CASH FROM/(USED) FINANCING ACTIVITIES	2 518 294	1 559 133	959 161	
NET INCREASE/(DECREASE) IN CASH HELD	(9 931 094)	(30 846 472)	20 915 378	Net of all reasons
Cash and Cash Equivalents at the beginning of the year	16 568 581	17 529 178	(960 597)	
Cash and Cash Equivalents at the end of the year	6 637 487	9 002 945	(2 365 458)	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	158 958 962	1 013 471	159 972 433	Anticipated more electricity sales
Government - operating	63 897 000	(10 697 947)	53 199 053	Less grants received
Government - capital	30 545 000	26 053 426	56 598 426	Additional grants received
Interest	3 220 461	602 539	3 823 000	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(223 713 221)	(20 048 598)	(243 761 819)	
Finance charges	(1 633 177)	94 294	(1 538 883)	
Transfers and Grants	(150 000)	90 000	(60 000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>31 125 025</u>	<u>(2 892 814)</u>	<u>28 232 210</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	(110 376)	(327 990)	(438 367)	
Decrease/(increase) in non-current debtors	-	-	-	
Payments				
Capital assets	(34 168 094)	(26 031 355)	(60 199 449)	Additional grants received
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>(34 278 470)</u>	<u>(26 359 345)</u>	<u>(60 637 816)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	54 974	92 026	147 000	
Payments				
Repayment of borrowing	918 979	493 154	1 412 133	Take up of new loan
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>973 953</u>	<u>585 180</u>	<u>1 559 133</u>	
NET INCREASE/(DECREASE) IN CASH HELD	<u>(2 179 493)</u>	<u>(28 666 980)</u>	<u>(30 846 472)</u>	Net of all reasons
Cash and Cash Equivalents at the beginning of the year	6 500 681	11 028 497	17 529 178	
Cash and Cash Equivalents at the end of the year	<u>4 321 188</u>	<u>4 681 757</u>	<u>9 002 945</u>	
	-	22 320 239	22 320 239	

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act no 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality did not elect to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of Comparison of Budget and Actual Amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2016 to 30 June 2017. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget to Actual Amounts in the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget to Actual Amounts in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2016. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2016/17 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
GRAP 109	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the</p>	Unknown

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Municipality's current treatment is already in line with the Standards treatment.	
IGRAP17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No such transactions or events are expected in the foreseeable future.	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.9.3 Self Insurance Reserve

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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- Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.
 - The Council determines annually to contribute to the Self Insurance Reserve.
 - The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.
 - Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.
 - Claims received to meet repairs of damages on assets are reflected as income in the Statement of Financial Performance.
 - Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of Financial Performance. An amount equal to the expense is transferred from the Insurance Reserve to the Accumulated Surplus via the Statement of Changes in Net Assets.
 - Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance Reserve to the Accumulated Surplus account via the Statement of Changes in Net Assets.

1.10. LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met, an amount equal to the conditions met, are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as an individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met, an amount equal to the conditions met, are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as an individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.15. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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- the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.

- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.16. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.16.1 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the basic salary of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.16.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrues to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.16.5 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16.6 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.17.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	5-130	Buildings	15-105
Pedestrian Malls	10-30	Specialist vehicles	3-70
Electricity	6-130	Other vehicles	3-70
Water	10-130	Office equipment	3-25
Sewerage	10-130	Furniture and fittings	2-30
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	10-105	Equipment	3-40
Recreational Facilities	15-105	Other plant and	
Security	30	Equipment	3-40
Halls	30-105	Landfill sites	10-100
Libraries	20-105	Quarries	5-25
Parks and gardens	20-105	Emergency equipment	3-30
Other assets	7-105	Computer equipment	3-20
<u>Finance lease assets</u>			
Office equipment	3-9		
Other assets	3-9		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.17.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2010.

1.18. INTANGIBLE ASSETS

1.18.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3 - 10

1.18.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2010.

1.19. INVESTMENT PROPERTY**1.19.1 Initial Recognition**

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.19.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010

1.20 HERITAGE ASSETS

1.20.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.20.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3 Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.20.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
 - Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
 - Cessation, or near cessation, of the demand or need for services provided by the asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- (b) Internal sources of information
 - Evidence is available of physical damage of an asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
 - A decision to halt the construction of the asset before it is complete or in a usable condition.
 - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.22. INVENTORIES

1.22.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.22.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.23.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.23.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.23.2.4 Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.23.3 De-recognition of Financial Instruments

1.23.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.24 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.24.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.24.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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- (a) interest or other charges that may have accrued on the receivable;
 - (b) impairment losses; and
 - (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.24.3 De-recognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - (i) de-recognise the receivable; and
 - (ii) recognise separately any rights and obligations created or retained in the transfer.

1.25. REVENUE

1.25.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to

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the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a

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liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.25.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.26. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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- (a) all members of the governing body of the Municipality;
 - (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
 - (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
 - (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Remuneration of Public Office Bearers Act (Act. No. 20 of 1998), or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.31.1 *Post-retirement medical obligations and Long service awards*

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2 *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.31.3 *Property, Plant and Equipment*

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.31.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.31.7 Revenue Recognition

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.31.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.31.10 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.31.11 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

1.31.12 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of Value Added Tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.35. TAXATION

1.35.1 *Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.35.2 *Deferred tax assets and liabilities*

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.35.3 *Tax expenses*

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2017	2016
	R	R
2 NET ASSET RESERVES		
RESERVES	7 653 477	6 984 064
Capital Replacement Reserve	3 245 451	3 078 397
Housing Development Fund	3 781 402	3 903 397
Self Insurance Reserve	626 624	2 270
Total Net Asset Reserve and Liabilities	7 653 477	6 984 064

The above balances are represented by cash of R223 521 for the current year and R219 642 (2016) and is invested together with the other investments of the municipality (See Note 42)

	2017	2016
	R	R
3 LONG TERM LIABILITIES		
Annuity Loans - At amortised cost	10 789 666	12 811 532
Capitalised Lease Liability - At amortised cost	5 834 242	1 294 082
	16 623 908	14 105 614
Less: Current Portion transferred to Current Liabilities	3 875 555	2 985 579
Annuity Loans - At amortised cost	1 376 257	2 002 658
Capitalised Lease Liability - At amortised cost	2 499 298	982 921
Total Long-term Liabilities - At amortised cost using the effective interest rate method	12 748 353	11 120 035

Annuity loans at amortised cost is calculated at 6.75%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

Finance Lease loans at amortised cost is calculated at 8.50%-20.50% interest rate, with last maturity date of 15 February 2020. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

	2017	2016
	R	R
	Minimum annuity payments	
Payable within one year	2 717 272	3 267 038
Payable within two to five years	6 769 141	8 407 216
Payable after five years	7 482 578	8 677 448
	16 968 990	20 351 702
Less: Future finance obligations	(6 179 324)	(7 540 170)
Present value of annuity obligations	10 789 666	12 811 532

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

	2017	2016
	R	R
	Minimum lease payments	
Payable within one year	2 974 858	1 045 984
Payable within two to five years	3 571 686	327 741
	6 546 544	1 373 725
Less: Future finance obligations	(712 302)	(79 643)
Present value of lease obligations	5 834 242	1 294 082

Leases are secured by property, plant and equipment - Note 13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The capitalised lease liability consist out of the following contracts:

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BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2017 R	2016 R
4	EMPLOYEE BENEFITS		
	Post Retirement Benefits	25 123 594	26 108 508
	Long Service Awards	3 673 892	3 723 388
	Pension Murraysburg	25 879	24 781
	Total Non-current Employee Benefit Liabilities	28 823 365	29 856 677
	<u>Post Retirement Benefits</u>		
	Balance 1 July	26 955 108	25 147 337
	Contribution for the year	(894 599)	(854 217)
	Expenditure for the year	3 350 525	3 091 258
	Actuarial (Gain)	(3 342 374)	(429 270)
	Total post retirement benefits 30 June	26 068 660	26 955 108
	Less: Transfer of Current Portion	(945 066)	(846 600)
	Balance 30 June	25 123 594	26 108 508
	<u>Long Service Awards</u>		
	Balance 1 July	4 044 630	3 826 752
	Contribution for the year	(371 995)	(308 833)
	Expenditure for the year	667 821	604 046
	Actuarial Loss/(Gain)	(66 993)	(77 335)
	Total long service 30 June	4 273 463	4 044 630
	Less: Transfer of Current Portion	(599 571)	(321 242)
	Balance 30 June	3 673 892	3 723 388
	<u>Pension Murraysburg</u>		
	Balance 1 July	24 781	23 756
	Expenditure for the year	1 098	1 025
	Balance 30 June	25 879	24 781
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	31 024 519	28 997 845
	Contribution for the year	(1 266 594)	(1 163 050)
	Expenditure for the year	4 019 444	3 696 329
	Actuarial Loss/(Gain)	(3 409 367)	(506 605)
	Total employee benefits 30 June	30 368 002	31 024 519
	Less: Transfer of Current Portion	(1 544 637)	(1 167 842)
	Balance 30 June	28 823 365	29 856 677
4.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	55	56
	In-service (employee) non-members	313	284
	Continuation members (e.g. Retirees, widows, orphans)	28	26
	Total Members	396	366
	The liability in respect of past service has been estimated to be as follows:		
	In-service (employees) members	10 352 558	11 420 656
	In-service (employees) non-members	3 028 138	3 040 795
	Continuation (retirees and widows) members	12 687 964	12 493 657
	Total Liability	26 068 660	26 955 108

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015 R	2014 R	2013 R
In-service members		8 824 030	7 815 266
Continuation members		2 666 600	1 997 976
Continuation (retirees and widows) members		12 050 547	10 165 274
Total Liability	-	23 541 177	19 978 516

Experience adjustments were calculated as follows:

	2017 Rm	2016 Rm
Liabilities: (Gain) / loss	(0.018)	(0.427)
Assets: Gain / (loss)	-	-

Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:

	2015 Rm	2014 Rm	2013 Rm
Liabilities: (Gain) / loss	(0.104)	1.004	(3.061)
Assets: Gain / (loss)	-	-	-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health;
Samwumed; and
Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2017 is estimated at R26 068 660. The Current-service Cost for the year ending 30 June 2017 is estimated at R948 164. It is estimated to be R893 091 for the ensuing year.

Key actuarial assumptions used:

	2017 %	2016 %
i) Rate of interest		
Discount rate	9.69%	9.05%
Health Care Cost Inflation Rate	7.97%	8.17%
Net Effective Discount Rate	1.60%	0.82%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

	2017 R	2016 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	26 068 660	26 955 108
Total Liability	26 068 660	26 955 108

The fund is wholly unfunded.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 EMPLOYEE BENEFITS (CONTINUED)

Reconciliation of present value of fund obligation:

	2017 R	2016 R
Present value of fund obligation at the beginning of the year	26 955 108	25 147 337
Total expenses	2 455 926	2 237 041
Current service cost	948 164	891 406
Interest Cost	2 402 361	2 199 852
Benefits Paid	(894 599)	(854 217)
Actuarial (gains)	(3 342 374)	(429 270)
Present value of fund obligation at the end of the year	26 068 660	26 955 108
Less: Transfer of Current Portion - Note 7	(945 066)	(846 600)
Balance 30 June	25 123 594	26 108 508

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
Central Assumptions		13.381	12.688	26.069	
Health care inflation	1%	16.071	14.030	30.101	15%
Health care inflation	-1%	11.241	11.535	22.776	-13%
Discount Rate	1%	11.288	11.562	22.850	-12%
Discount Rate	-1%	16.051	14.020	30.071	15%
Post-retirement mortality	-1 year	13.816	13.157	26.973	3%
Average retirement age	-1 year	14.357	12.688	27.045	4%
Continuation of membership at retirement	-10%	9.366	12.688	22.053	-15%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		948 000	2 402 400	3 350 400	
Health care inflation	1%	1 183 600	2 794 500	3 978 100	19%
Health care inflation	-1%	765 900	2 083 600	2 849 500	-15%
Discount rate	1%	775 700	2 319 200	3 094 900	-8%
Discount rate	-1%	1 173 100	2 486 300	3 659 400	9%
Post-retirement mortality	-1 year	980 600	2 494 000	3 474 600	4%
Average retirement age	-1 year	1 041 700	2 493 200	3 534 900	6%
Continuation of membership at retirement	-10%	608 500	2 029 600	2 638 100	-21%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

368 340

The Employer's Unfunded Accrued Liability at 30 June 2017 is estimated at R4 273 463. The Current-service Cost for the year ending 30 June 2017 is estimated at R334 569. It is estimated to be R340 800 for the ensuing year.

Key actuarial assumptions used:

i) Rate of interest

	2017 %	2016 %
Discount rate	8.40%	8.57%
General Salary Inflation (long-term)	6.22%	7.23%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.05%	1.25%

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 EMPLOYEE BENEFITS (CONTINUED)

The amounts recognised in the Statement of Financial Position are as follows:

	2017 R	2016 R
Present value of fund obligations	4 273 463	4 044 630
Net liability/(asset)	4 273 463	4 044 630

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015 R	2014 R	2013 R
Present value of fund obligations	3 826 752	3 568 981	3 478 317
Total Liability	3 826 752	3 568 981	3 478 317

Experience adjustments were calculated as follows:

	2017 R	2016 R
Liabilities: (Gain) / loss		
Assets: Gain / (loss)	540 601	33 820

Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:

	2015 Rm	2014 Rm	2013 Rm
Liabilities: (Gain) / loss			
Assets: Gain / (loss)	133 705	(124 179)	(110 128)

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	4 044 630	3 826 752
Total expenses	295 826	295 213
Current service cost	334 569	315 183
Interest Cost	333 252	288 863
Benefits Paid	(371 995)	(308 833)
Actuarial (gains)	(66 993)	(77 335)
Present value of fund obligation at the end of the year	4 273 463	4 044 630
Less: Transfer of Current Portion - Note 7	(599 571)	(321 242)
Balance 30 June	3 673 892	3 723 388

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		4.273	
General salary inflation	1%	4.534	6%
General salary inflation	-1%	4.037	-6%
Discount Rate	1%	4.027	-6%
Discount Rate	-1%	4.550	6%
Average retirement age	-2 yrs	3.676	-14%
Average retirement age	2 yrs	5.007	17%
Withdrawal rates	-50%	4.966	16%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30/06/2017

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		334 600	333 300	667 900	
General salary inflation	1%	362 700	356 400	719 100	8%
General salary inflation	-1%	309 500	312 200	621 700	-7%
Discount rate	1%	311 400	347 600	659 000	-1%
Discount rate	-1%	360 900	316 200	677 100	1%
Average retirement age	- 2 years	291 100	280 200	571 300	-14%
Average retirement age	+2 years	383 600	392 500	776 100	16%
Withdrawal rates		426 700	390 500	817 200	22%

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4	EMPLOYEE BENEFITS (CONTINUED)	2017 R	2016 R
4.3	Retirement funds		
<p>The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.</p> <p>As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.</p> <p>Therefore, although the Cape Joint Retirement Fund is a Multi-Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.</p> <p><u>CAPE RETIREMENT FUND</u></p> <p>The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100,6% (30 June 2015 - 100,4%).</p> <p><u>CAPE JOINT PENSION FUND</u></p> <p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 99.70% (30 June 2015 - 99.40%). Whilst this has increased since the previous actuarial valuations it is still</p> <p><u>SALA PENSION FUND</u></p> <p>The contribution rate payable is 8.60% by members and 20.78% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.</p> <p><u>SAMWU PROVIDENT FUND</u></p> <p>The contribution rate payable is 7.50% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.</p>			
5	NON-CURRENT PROVISIONS	2017 R	2016 R
Provision for Rehabilitation of Landfill-sites		21 377 863	20 049 341
Total Non-current Provisions		21 377 863	20 049 341
<p>The rehabilitation cost provision is for the rehabilitation of four landfill sites in the Beaufort West region. It is required from the municipality to execute an environmental management program to restore the landfill sites after its useful life. Provision has been made for this cost based on the estimated present value of future cash flows arising from the rehabilitation cost expected as at the estimated decommission dates listed below.</p>			
<u>Landfill Sites</u>		Notes	
Balance 1 July		25 314 058	24 876 582
Increase in Estimate		27 254	(1 038 250)
Unwinding of discounted interest		1 645 414	1 475 727
Total provision 30 June		26 986 726	25 314 058
Less: Transfer of Current Portion to Provisions		(5 608 863)	(5 264 718)
Balance 30 June		21 377 863	20 049 341
<u>Location</u>		<u>Estimated decommission date</u>	
		<u>Cost of rehabilitation</u>	<u>Cost of rehabilitation</u>
		2017 R	2016 R
Beaufort West	2022	14 442 173	13 540 170
Murraysburg	2016	5 608 863	5 264 718
Nelspoort	2035	3 826 209	3 589 580
Merweville	2029	3 109 481	2 919 590
		26 986 726	25 314 058

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5 NON-CURRENT PROVISIONS (CONTINUED)

Material Assumptions used

	2017	2016
Discount Rate used	6.21%	5.93%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

6 CONSUMER DEPOSITS

	2017 R	2016 R
Water & Electricity	1 496 850	1 292 897
Total Consumer Deposits	1 496 850	1 292 897

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

	2017 R	2016 R
Current Portion of Post Retirement Benefits - Note 4	945 066	846 600
Current Portion of Long-Service Provisions - Note 4	599 571	321 242
Performance Bonuses	614 337	593 065
Bonuses	2 251 875	2 004 896
Staff Leave	5 097 439	4 635 616
Total Current Employee Benefits	9 508 288	8 401 419

The movement in current employee benefits are reconciled as follows:

Provision for Performance Bonuses

Balance at beginning of year	593 065	560 850
Contribution to current portion	509 196	512 366
Expenditure incurred	(487 923)	(480 151)
Balance at end of year	614 337	593 065

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by an executive performance committee.

Bonuses

Balance at beginning of year	2 004 896	1 886 650
Contribution to current portion	4 134 649	3 822 031
Expenditure incurred	(3 887 670)	(3 703 785)
Balance at end of year	2 251 875	2 004 896

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year-end represents a portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Provision for Staff Leave

Balance at beginning of year	4 635 616	4 223 673
Contribution to current portion	1 270 117	761 004
Expenditure incurred	(808 294)	(349 061)
Balance at end of year	5 097 439	4 635 616

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2017 R	2016 R
8 PROVISIONS		
Current Portion of Rehabilitation of Landfill-sites - Note 5	5 608 863	5 264 718
Total Provisions	5 608 863	5 264 718

	2017 R	2016 R
9 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	18 622 350	18 904 110
Deposits: Other	1 709 119	1 549 501
Retention	2 430 199	2 603 886
Payments received in advance	200 805	1 369 472
Receivable accounts with credit balances	4 668 148	3 350 701
Sundry Creditors	1 519 318	2 572 831
Pensionfund SALA	944 084	1 364 084
Total Trade Payables	30 094 023	31 714 585

Payables are not being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

All payments are unsecured.

	2017 R	2016 R
10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	13 654 183	11 091 769
National and Provincial Government Grants	13 654 183	11 091 769
Less: Unpaid Grants	-	-
National and Provincial Government Grants	-	-
Total Conditional Grants and Receipts	13 654 183	11 091 769

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. Grants amounting to R112 708 were withheld.

10.01 Equitable share

Grants received	46 569 000	44 160 000
Conditions met - Operating	(46 569 000)	(44 160 000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Municipality by the National Treasury.

10.02 National Grants

Opening balance	7 725 420	(492 798)
Grants received	7 742 000	30 351 925
Interest on investment (Only if condition)	-	-
Income transferred to revenue	(7 725 420)	-
Nett Transfers	-	(20 000)
Conditions met - Own Income	(3 073 083)	(2 579 536)
Conditions met - Operating	(707 058)	(19 050 501)
Conditions met - Capital	(3 961 859)	(483 671)
Conditions still to be met	-	7 725 420

National Grants received with conditions to be met.

10.03 Provincial Grants

Opening balance	1 842 455	4 167 191
Grants received	38 850 480	31 971 250
Interest on investment (Only if condition)	263 669	306 176
Income transferred to revenue	(196 372)	-
Nett Transfers	-	20 000
Conditions met - Own Income	(218 923)	(850 928)
Conditions met - Operating	(12 389 392)	(31 964 515)
Conditions met - Capital	(26 332 888)	(1 806 720)
Conditions still to be met	1 819 029	1 842 454

Provincial Grants received with conditions to be met.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS (continued)	2017 R	2016 R
10.04	Municipal Infrastructure Grant		
	Opening balance	1 523 892	1
	Grants received	25 835 000	15 647 000
	Income transferred to revenue	(1 523 892)	-
	Conditions met - Own Income	(1 644 363)	(1 663 161)
	Conditions met - Operating	(269 246)	(264 150)
	Conditions met - Capital	(12 086 236)	(12 195 798)
	Conditions still to be met	<u>11 835 155</u>	<u>1 523 892</u>
	Municipal Infrastructure Grant received with conditions to be met.		
10.05	Local Economic Development		
	Opening balance	-	34 929
	Interest on investment (Only if condition)	-	21 454
	Conditions met - Own Income	-	(56 383)
	Conditions still to be met	<u>-</u>	<u>-</u>
	Local Economic Development received with conditions to be met.		
10.06	ESKOM		
	Opening balance		
	Grants received	-	317 005
	Conditions met - Own Income	-	(4 368)
	Conditions met - Operating	-	(312 637)
	Conditions still to be met	<u>-</u>	<u>-</u>
10.07	Central Karoo District Municipality Funds		
	Opening balance	(1)	86 971
	Interest on investment (Only if condition)	-	303
	Conditions met - Own Income	1	-87 274
	Conditions still to be met	<u>-</u>	<u>(1)</u>
	Central Karoo District Municipality Funds received with conditions to be met.		
10.08	Total Conditional Grants and Receipts		
	Opening balance	11 091 767	3 796 294
	Grants received	72 427 480	77 970 175
	Interest on investment (Only if condition)	263 669	327 933
	Income transferred to revenue	(9 445 684)	-
	Net Transfers	-	-
	Conditions met - Own Income	(4 936 369)	(5 237 282)
	Conditions met - Operating	(13 365 696)	(51 279 166)
	Conditions met - Capital	(42 380 983)	(14 486 188)
	Conditions still to be met	<u>13 654 186</u>	<u>11 091 768</u>
	Total Conditional Grants and Receipts received with conditions to be met.		

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

11 UNSPENT PUBLIC CONTRIBUTIONS

11.01 Public Contributions

Opening balance	80 747	145 955
Grants received	-	250 000
Interest on investment (Only if condition)	4 351	6 742
Conditions met - Own Income	-	(1 707)
Conditions met - Operating	-	(250 000)
Conditions met - Capital	-	(70 243)
Conditions still to be met	<u>85 098</u>	<u>80 747</u>

Public Contributions received with conditions to be met.

11.02 Total Unspent Public Contribution

	91 106	80 747
Public Contributions and Receipts	<u>91 106</u>	<u>80 747</u>
Other Sources	-	-

The Unspent Public Contributions are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

12 TAXES

	2017	2016
	R	R
VAT	(260 294)	452 005
Provision for Debt Impairment of trade receivables from exchange transactions	<u>6 325 843</u>	<u>5 589 895</u>
	<u>6 065 549</u>	<u>6 041 900</u>

VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation					Carrying Value
	Opening Balance R	Additions R	Transfers/WIP R	Disposals R	Closing Balance R	Accumulated Impairment R	Opening Balance R	Depreciation Charge R	Disposals/ Transfers R	Closing Balance R	R
30 June 2017											
Land and Buildings	111 069 428	1 921 911	-	-	112 991 340	9 465 481	2 123 745	787 002	-	2 910 746	100 615 113
Land	43 392 280	-	-	-	43 392 280	8 196 620	-	-	-	-	35 195 660
Buildings	67 677 148	1 921 911	-	-	69 599 060	1 268 861	2 123 745	787 002	-	2 910 746	65 419 453
Infrastructure	405 843 629	47 006 877	(4 671 469)	-	448 179 037	-	75 782 393	11 157 346	-	86 939 739	361 239 298
Stormwater Network	40 849 963	-	-	-	40 849 963	-	11 337 407	1 453 262	-	12 790 669	28 059 294
Road Network	129 151 648	7 489 139	(2 265 301)	-	134 375 486	-	25 876 933	3 509 758	-	29 386 691	104 988 795
Sanitation Network	80 936 124	32 038 514	-	-	112 974 639	-	10 089 991	1 836 377	-	11 926 367	101 048 272
Electricity Network	89 990 048	7 479 223	-	-	95 063 104	-	11 155 417	2 136 231	-	13 291 647	81 771 456
Water Network	63 033 772	-	(2 406 167)	-	63 033 772	-	16 887 179	2 176 546	-	19 063 725	43 970 047
Refuse Network	1 882 073	-	-	-	1 882 073	-	435 467	45 172	-	480 639	1 401 434
Community Assets	16 495 768	-	-	-	16 495 768	557 800	2 575 467	429 116	-	3 004 583	12 933 384
Taxi Rank	-	-	-	-	-	-	-	-	-	-	-
Museum	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	17 200	-	-	-	17 200	-	1 533	167	-	1 700	15 500
Community centres	9 196 783	-	-	-	9 196 783	349 709	1 631 002	259 959	-	1 890 961	6 956 113
Recreation sites	6 724 308	-	-	-	6 724 308	186 621	890 856	163 094	-	1 053 949	5 483 737
Libraries	557 477	-	-	-	557 477	21 470	52 076	5 897	-	57 973	478 034
Lease Assets	7 270 904	6 898 227	-	(5 929 795)	8 239 336	-	4 299 234	2 218 280	(1 276 805)	5 240 709	2 998 627
Office Equipment (Lease)	1 208 760	119 706	-	(490 222)	838 244	-	649 404	214 101	(190 153)	673 352	164 892
Vehicles (Lease)	6 062 144	6 778 521	-	(5 439 573)	7 401 092	-	3 649 830	2 004 178	(1 086 652)	4 567 357	2 833 735
Other Assets	20 389 149	2 007 395	-	(705 484)	21 691 061	-	9 994 363	1 494 618	(528 851)	10 960 130	10 730 931
Computer hardware	3 483 349	123 755	-	(31 837)	3 575 268	-	1 863 611	328 820	(23 335)	2 169 096	1 406 172
Air conditioners	695 760	8 324	-	-	704 084	-	436 979	43 930	-	480 909	223 175
Chairs	355 018	15 110	-	-	370 129	-	237 644	20 266	-	257 911	112 218
Concrete Mixer	11 938	-	-	-	11 938	-	9 951	284	-	10 235	1 703
Desks & Tables	411 456	-	-	-	411 456	-	257 510	26 904	-	284 413	127 043
Compactors	30 731	-	-	-	30 731	-	25 200	728	-	26 928	3 803
Compressors	218 751	-	-	-	218 751	-	74 497	9 450	-	83 946	134 805
Tools	1 425 548	46 431	-	-	1 471 980	-	600 735	123 755	-	724 490	747 490
Electronic Equipment	986 262	21 781	-	-	1 008 043	-	523 923	77 936	-	601 859	406 184
Fire Brigade Equipment	156 700	-	-	-	156 700	-	57 854	6 535	-	64 389	92 311
Lawn Equipment	304 100	-	-	-	304 100	-	221 527	12 964	-	233 521	70 479
Trucks/LDV	6 025 601	1 736 400	-	(416 323)	7 345 678	-	2 854 664	365 976	(324 883)	2 895 757	4 449 921
Motor Vehicles	700 030	32 712	-	(237 324)	495 418	-	253 109	46 997	(165 015)	135 090	360 328
Office Equipment	1 059 027	16 716	-	-	1 075 743	-	489 609	94 820	-	584 429	491 314
Office Furniture	1 181 811	6 164	-	-	1 187 975	-	606 625	91 867	-	698 491	489 484
Trailers	697 433	-	-	-	697 433	-	362 509	53 201	-	415 710	281 723
Tractors	1 436 524	-	-	(20 000)	1 416 524	-	514 688	89 789	(15 618)	588 858	827 666
Toolbox	360 314	-	-	-	360 314	-	219 604	25 213	-	244 817	115 497
Gym Equipment	411 878	-	-	-	411 878	-	128 972	53 137	-	182 109	229 770
Generators	187 130	-	-	-	187 130	-	75 677	7 676	-	83 353	103 777
Radio Equipment	249 787	-	-	-	249 787	-	178 479	15 239	-	193 718	56 069
	561 068 879	57 834 411	(4 671 469)	(6 635 279)	607 596 542	10 023 281	94 775 202	16 086 361	(1 805 656)	109 055 908	488 517 353

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation				Carrying Value	
	Opening Balance R	Additions R	Transfers/WIP R	Disposals R	Closing Balance R	Accumulated Impairment R	Opening Balance R	Depreciation Charge R	Disposals/ Transfers R	Closing Balance R	R
30 June 2016											
Land and Buildings	109 525 864	1 543 564	-	-	111 069 428	9 465 481	1 457 149	666 595	-	2 123 745	99 480 203
Land	43 392 280	-	-	-	43 392 280	8 196 620	-	-	-	-	35 195 660
Balance previously reported	43 392 280	-	-	-	43 392 280	8 196 620	-	-	-	-	35 195 660
Correction of error. Refer note 39.09	-	-	-	-	-	-	-	-	-	-	-
Buildings	66 133 584	1 543 564	-	-	67 677 148	1 268 861	1 457 149	666 595	-	2 123 745	64 284 543
Balance previously reported	66 133 584	1 543 564	-	-	67 677 148	1 268 861	1 457 149	666 595	-	2 123 745	64 284 543
Correction of error. Refer note 39.03	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	390 955 454	10 106 448	4 781 727	-	405 843 629	-	64 734 679	11 047 714	-	75 782 393	330 061 235
Stormwater Network	40 768 815	81 148	-	-	40 849 963	-	9 884 146	1 453 261	-	11 337 407	29 512 556
Balance previously reported	40 768 815	81 148	-	-	40 849 963	-	9 884 146	1 453 261	-	11 337 407	29 512 556
Correction of error. Transfer to WIP	-	-	-	-	-	-	-	-	-	-	-
Road Network	125 461 379	1 424 967	2 265 301	-	129 151 648	-	22 387 983	3 488 950	-	25 876 933	103 274 715
Balance previously reported	125 461 379	1 424 967	2 265 301	-	129 151 648	-	22 387 983	3 488 950	-	25 876 933	103 274 715
Correction of error. Transfer to WIP	-	-	-	-	-	-	-	-	-	-	-
Sanitation Network	72 799 894	8 136 231	-	-	80 936 124	-	8 324 904	1 765 087	-	10 089 991	70 846 134
Balance previously reported	72 799 894	8 136 231	-	-	80 936 124	-	8 324 904	1 765 087	-	10 089 991	70 846 134
Correction of error. Transfer to WIP	-	-	-	-	-	-	-	-	-	-	-
Electricity Network	87 371 893	211 988	2 406 167	-	89 990 048	-	9 036 568	2 118 849	-	11 155 417	78 834 631
Balance previously reported	87 371 893	211 988	2 406 167	-	89 990 048	-	9 036 568	2 118 849	-	11 155 417	78 834 631
Correction of error. Transfer to WIP	-	-	-	-	-	-	-	-	-	-	-
Water Network	62 671 400	252 114	110 258	-	63 033 772	-	14 710 784	2 176 395	-	16 887 179	46 146 593
Balance previously reported	62 671 400	252 114	110 258	-	63 033 772	-	14 710 784	2 176 395	-	16 887 179	46 146 593
Correction of error. Refer note &	-	-	-	-	-	-	-	-	-	-	-
Refuse Network	1 882 073	-	-	-	1 882 073	-	390 295	45 172	-	435 467	1 446 606
Balance previously reported	1 882 073	-	-	-	1 882 073	-	390 295	45 172	-	435 467	1 446 606
Correction of error. Transfer to WIP	-	-	-	-	-	-	-	-	-	-	-
Community Assets	16 495 768	-	-	-	16 495 768	557 800	2 146 350	429 116	-	2 575 467	13 362 500
Taxi Rank	-	-	-	-	-	-	-	-	-	-	-
Balance previously reported	-	-	-	-	-	-	-	-	-	-	-
Correct Community asset disclosure	-	-	-	-	-	-	-	-	-	-	-
Museum	-	-	-	-	-	-	-	-	-	-	-
Balance previously reported	-	-	-	-	-	-	-	-	-	-	-
Change in Accounting Policy - Refer note	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	17 200	-	-	-	17 200	-	1 366	167	-	1 533	15 667
Balance previously reported	17 200	-	-	-	17 200	-	1 366	167	-	1 533	15 667
Correct Community asset disclosure	-	-	-	-	-	-	-	-	-	-	-
Community centres	9 196 783	-	-	-	9 196 783	349 709	1 371 043	259 959	-	1 631 002	7 216 072
Balance previously reported	9 196 783	-	-	-	9 196 783	349 709	1 371 043	259 959	-	1 631 002	7 216 072
Correction of error. Refer note 39.03	-	-	-	-	-	-	-	-	-	-	-
Recreation sites	6 724 308	-	-	-	6 724 308	186 621	727 762	163 094	-	890 856	5 646 831
Balance previously reported	6 724 308	-	-	-	6 724 308	186 621	727 762	163 094	-	890 856	5 646 831
Correction of error. Refer note 39.03	-	-	-	-	-	-	-	-	-	-	-
Libraries	557 477	-	-	-	557 477	21 470	46 179	5 897	-	52 076	483 931
Balance previously reported	557 477	-	-	-	557 477	21 470	46 179	5 897	-	52 076	483 931
Correct Community asset disclosure	-	-	-	-	-	-	-	-	-	-	-
Lease Assets	7 026 946	243 958	-	-	7 270 904	-	2 990 509	1 308 725	-	4 299 234	2 971 670
Office Equipment (Lease)	1 079 093	129 667	-	-	1 208 760	-	465 283	184 121	-	649 404	559 356
Balance previously reported	1 079 093	129 667	-	-	1 208 760	-	465 283	184 121	-	649 404	559 356
Correct of Error - Note	-	-	-	-	-	-	-	-	-	-	-
Moved to Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Vehicles (Lease)	5 947 853	114 291	-	-	6 062 144	-	2 525 226	1 124 603	-	3 649 830	2 412 314
Balance previously reported	5 947 853	114 291	-	-	6 062 144	-	2 525 226	1 124 603	-	3 649 830	2 412 314
Correction of error. Refer note &	-	-	-	-	-	-	-	-	-	-	-

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation				Carrying Value	
	Opening Balance R	Additions R	Transfers/WIP R	Disposals R	Closing Balance R	Accumulated Impairment R	Opening Balance R	Depreciation Charge R	Disposals/ Transfers R	Closing Balance R	R
Other Assets	18 921 351	1 469 395	66 742	(68 338)	20 389 149	-	8 720 071	1 319 353	(45 061)	9 994 363	10 394 786
Computer hardware	3 251 026	291 781	-	(59 457)	3 483 349	-	1 615 025	289 342	(40 756)	1 863 611	1 619 738
Balance previously reported	3 251 026	291 781	-	(59 457)	3 483 349	-	1 615 025	289 342	(40 756)	1 863 611	1 619 738
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Air conditioners	634 071	62 650	-	(961)	695 760	-	399 640	37 781	(442)	436 979	258 781
Balance previously reported	634 071	62 650	-	(961)	695 760	-	399 640	37 781	(442)	436 979	258 781
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Chairs	348 228	6 790	-	-	355 018	-	218 417	19 227	-	237 644	117 374
Balance previously reported	348 228	6 790	-	-	355 018	-	218 417	19 227	-	237 644	117 374
Correction of error. No. 1 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Concrete Mixer	11 938	-	-	-	11 938	-	9 667	284	-	9 951	1 987
Balance previously reported	11 938	-	-	-	11 938	-	9 667	284	-	9 951	1 987
Correction of error. Refer note &	-	-	-	-	-	-	-	-	-	-	-
Desks & Tables	403 701	7 755	-	-	411 456	-	231 330	26 180	-	257 510	153 946
Balance previously reported	403 701	7 755	-	-	411 456	-	231 330	26 180	-	257 510	153 946
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Compactors	30 731	-	-	-	30 731	-	25 472	728	-	26 200	4 531
Balance previously reported	30 731	-	-	-	30 731	-	25 472	728	-	26 200	4 531
Correction of error. Refer note &	-	-	-	-	-	-	-	-	-	-	-
Compressors	218 751	-	-	-	218 751	-	65 047	9 450	-	74 497	144 254
Balance previously reported	218 751	-	-	-	218 751	-	65 047	9 450	-	74 497	144 254
Correction of error. Refer note &	-	-	-	-	-	-	-	-	-	-	-
Tools	1 099 651	325 898	-	-	1 425 548	-	512 109	88 625	-	600 735	824 814
Balance previously reported	1 099 651	325 898	-	-	1 064 031	-	512 109	88 625	-	600 735	642 609
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Electronic Equipment	853 695	132 567	-	-	986 262	-	465 295	58 628	-	523 923	462 338
Balance previously reported	853 695	132 567	-	-	986 262	-	465 295	58 628	-	523 923	462 338
Correction of error	-	-	-	-	-	-	-	-	-	-	-
Fire Brigade Equipment	156 700	-	-	-	156 700	-	51 319	6 535	-	57 854	98 846
Balance previously reported	156 700	-	-	-	156 700	-	51 319	6 535	-	57 854	98 846
Correction of error	-	-	-	-	-	-	-	-	-	-	-
Lawn Equipment	300 590	3 510	-	-	304 100	-	210 018	11 509	-	221 527	82 573
Balance previously reported	300 590	3 510	-	-	304 100	-	210 018	11 509	-	221 527	82 573
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Trucks/LDV	6 025 601	-	-	-	6 025 601	-	2 497 514	357 149	-	2 854 664	3 170 938
Balance previously reported	6 025 601	-	-	-	6 025 601	-	2 497 514	357 149	-	2 854 664	3 170 938
Correction of error. No. 1 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Motor Vehicles	433 061	200 227	66 742	-	700 030	-	221 021	32 088	-	253 109	446 921
Balance previously reported	433 061	200 227	66 742	-	700 030	-	221 021	32 088	-	253 109	446 921
Correction of error. Refer note &	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	872 369	187 463	-	(805)	1 059 027	-	421 495	68 492	(378)	489 609	569 418
Balance previously reported	872 369	187 463	-	(805)	1 059 027	-	421 495	68 492	(378)	489 609	569 418
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Office Furniture	973 741	215 161	-	(7 092)	1 181 811	-	541 532	68 567	(3 474)	606 625	575 186
Balance previously reported	973 741	215 161	-	(7 092)	1 181 811	-	541 532	68 567	(3 474)	606 625	575 186
Correction of error. No. 1 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Trailers	661 840	35 593	-	-	697 433	-	309 778	52 731	-	362 509	334 924
Balance previously reported	661 840	35 593	-	-	697 433	-	309 778	52 731	-	362 509	334 924
Correction of error. No. 1 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Tractors	1 436 524	-	-	-	1 436 524	-	423 917	90 771	-	514 688	921 836
Balance previously reported	1 436 524	-	-	-	1 436 524	-	423 917	90 771	-	514 688	921 836
Correction of error. Refer note &	-	-	-	-	-	-	-	-	-	-	-
Toolbox	360 314	-	-	-	360 314	-	194 391	25 213	-	219 604	140 710
Balance previously reported	360 314	-	-	-	360 314	-	194 391	25 213	-	219 604	140 710
Correction of error. Refer note &	-	-	-	-	-	-	-	-	-	-	-
Gym Equipment	411 878	-	-	-	411 878	-	75 835	53 137	-	128 972	282 907
Balance previously reported	411 878	-	-	-	411 878	-	75 835	53 137	-	128 972	282 907
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
Generators	187 130	-	-	-	187 130	-	68 000	7 676	-	75 677	111 453
Balance previously reported	187 130	-	-	-	187 130	-	68 000	7 676	-	75 677	111 453
Correction of error. Refer note &	-	-	-	-	-	-	-	-	-	-	-
Radio Equipment	249 811	-	-	(24)	249 787	-	163 250	15 240	(11)	178 479	71 308
Balance previously reported	249 811	-	-	(24)	249 787	-	163 250	15 240	(11)	178 479	71 308
Correction of error. No. 2 - Refer note	-	-	-	-	-	-	-	-	-	-	-
	542 925 382	13 363 366	4 848 469	(68 338)	561 068 879	10 023 280	80 048 759	14 771 504	(45 061)	94 775 202	456 270 395

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		2017	2016
			R	R
	Impairment of property plant and equipment			
	Impairment charges on Property, plant and equipment recognised in statement of financial performance			
	Land and Buildings	-	-	
	Community Assets	-	-	
		<u>-</u>	<u>-</u>	
		<u>-</u>	<u>-</u>	
	Assessment of impairment of assets was performed on other assets.			
	Details of property plant and equipment carried at fair value			
	No property, plant and equipment are carried at fair value.			
14	INVESTMENT PROPERTY		2017	2016
			R	R
	Net Carrying amount at 1 July		8 149 775	8 399 030
	Cost	11 222 424	11 222 424	
	Accumulated Depreciation	(2 606 067)	(2 356 812)	
	Accumulated Impairment	(466 582)	(466 582)	
	Reversal of Impairment for the year	-	-	
	Depreciation for the year	(269 160)	(249 254)	
	Net Carrying amount at 30 June	7 880 615	8 149 775	
	Cost	11 222 424	11 222 424	
	Accumulated Depreciation	(2 875 226)	(2 606 067)	
	Accumulated Impairment	(466 582)	(466 582)	
	Revenue derived from the rental of investment property:			
	Sanlam Building	165 324	201 779	
	Operating expenditure incurred on properties generating revenue	18 440	22 723	
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.			
	The cost model in terms of GRAP 16 is being applied on Investment Property.			
	Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2013.			
15	INTANGIBLE ASSETS			
	Computer System & Software			
	Net Carrying amount at 1 July		470 701	316 106
	Cost	1 493 079	1 218 238	
	Accumulated Amortisation	(1 022 378)	(902 132)	
	Acquisitions	231 340	274 841	
	Amortisation for the year	(187 146)	(120 246)	
	Net Carrying amount at 30 June	514 895	470 701	
	Cost	1 724 419	1 493 079	
	Accumulated Amortisation	(1 209 524)	(1 022 378)	
	The following material intangible assets are included in the carrying value above			
		<u>Remaining Amortisation</u>	<u>Carrying Value</u>	
	<u>Description</u>	<u>Period</u>	2017	2016
			R	R
	Sebata System	2		79 138
	No intangible asset were assessed as having an indefinite useful life.			
	There are no intangible assets whose title is restricted.			
	There are no intangible assets pledged as security for liabilities			
16	CAPITALISED RESTORATION COST		2017	2016
			R	R
	Net Carrying amount at 1 July	Notes	205 747	1 160 239
	Cost		4 174 500	5 025 731
	Accumulated Depreciation		(3 683 165)	(3 543 972)
	Accumulated Impairments		(285 588)	(321 520)
	Disposals		27 254	(851 231)
	Balance previously reported			(886 243)
	Correction of Error - Note 39.04			35 012
	Under Construction - Cost		-	-
	Disposals		-	-
	Depreciation for the year		(12 805)	(139 193)
	Reversal of Impairment - Note 32		29 220	35 932
	Net Carrying amount at 30 June		249 416	205 747
	Cost		4 201 754	4 174 500
	Accumulated Depreciation		(3 695 970)	(3 683 165)
	Accumulated Impairments		(256 368)	(285 588)

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

17 HERITAGE ASSETS

Net Carrying amount at 1 July	5 225 000	5 225 000
Net Carrying amount at 30 June	5 225 000	5 225 000

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in May 2010. All heritage assets were measured in terms of GRAP 103 during the year under review.

18 LONG-TERM RECEIVABLES

Housing Loans	461 643	461 643
Receivables with arrangements	2 510 143	1 998 607
Less: Current portion transferred to Trade and other receivables from exchange transactions	(653 553)	(612 414)
Total Long Term Receivables	2 318 233	1 847 836

ARRANGEMENTS

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.

HOUSING LOANS

The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13,5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.

19 INVENTORY

Consumable Stores - Stationery and materials - At cost	3 202 306	3 664 888
Water – at cost	127 316	63 733
Total Inventory	3 329 622	3 728 621

Consumable stores materials written down due to losses as identified during the annual stores counts.

	-	-
Consumable stores materials surpluses identified during the annual stores counts.	128	128

No inventory assets were pledged as security for liabilities.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2017 R	2016 R
20 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<i>Service Receivables</i>		
Water	7 535 807	6 765 883
Electricity	12 151 878	11 092 282
Housing Rentals	53 202	65 401
Refuse	7 395 899	6 611 676
Sewerage	11 700 926	10 509 096
Total Service Receivables	38 837 711	35 044 339
Less: Provision for Debt Impairment	(23 971 034)	(22 408 871)
Net Service Receivables	14 866 677	12 635 468
<i>Other Receivables</i>		
Other Arrears	30 053 813	24 440 929
Total Other Receivables	30 053 813	24 440 929
Less: Provision for Debt Impairment	(27 656 617)	(23 108 846)
Net Other Receivables	2 397 196	1 332 083
Total Net Receivables from Exchange Transactions	17 263 873	13 967 550
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.		
Ageing of Receivables from Exchange Transactions		
<i>(Electricity): Ageing</i>		
Current (0 - 30 days)	9 163 571	8 202 002
31 - 60 Days	403 368	474 239
61 - 90 Days	74 791	149 186
+ 90 Days	2 510 148	2 266 855
Total	12 151 878	11 092 282
<i>(Water): Ageing</i>		
Current (0 - 30 days)	3 192 646	2 625 968
31 - 60 Days	472 349	291 852
61 - 90 Days	430 835	234 105
+ 90 Days	3 439 978	3 613 958
Total	7 535 807	6 765 883
<i>(Refuse): Ageing</i>		
Current (0 - 30 days)	612 297	604 141
31 - 60 Days	276 636	249 695
61 - 90 Days	242 910	221 531
+ 90 Days	6 264 056	5 536 309
Total	7 395 899	6 611 676
<i>(Sewerage): Ageing</i>		
Current (0 - 30 days)	1 123 746	1 097 224
31 - 60 Days	471 771	418 620
61 - 90 Days	401 371	369 486
+ 90 Days	9 704 038	8 623 767
Total	11 700 926	10 509 096
<i>(Housing Rentals Debtors): Ageing</i>		
Current (0 - 30 days)	5 142	5 280
31 - 60 Days	836	795
61 - 90 Days	836	998
+ 90 Days	46 389	58 328
Total	53 202	65 401
<i>(Other Debtors): Ageing</i>		
Current (0 - 30 days)	767 448	666 369
31 - 60 Days	2 225 690	1 022 411
61 - 90 Days	1 068 838	762 224
+ 90 Days	25 991 837	21 989 926
Total	30 053 813	24 440 929

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

21

		2017 R	2016 R	
OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
<i>Service Receivables</i>				
Taxes - Rates		13 751 255	12 937 916	
Other Receivables		87 707 395	49 457 252	
Total Service Receivables		101 458 650	62 395 168	
Less: Provision for Debt Impairment		(76 688 347)	(46 734 488)	
Total Net Receivables from Non-Exchange Transactions		24 770 304	15 660 680	
Ageing of Receivables from Non-Exchange Transactions				
<i>(Rates): Ageing</i>				
Current (0 - 30 days)		1 611 256	2 650 956	
31 - 60 Days		684 100	581 696	
61 - 90 Days		452 021	331 814	
+ 90 Days		11 003 878	9 373 450	
Total		13 751 255	12 937 916	
<i>(Other Receivables): Ageing</i>				
Current (0 - 30 days)		-	-	
31 - 60 Days		-	-	
61 - 90 Days		-	-	
+ 90 Days		87 707 395	49 457 252	
Total		87 707 395	49 457 252	
Summary of Receivables by Customer Classification				
	Residential, Industrial & Commercial R	Other Debtors R	National and Provincial Government R	Total R
2017				
Total Receivables	154 847 533	9 516 838	5 985 803	170 350 174
Less: Provision for doubtful debts	(121 306 537)	(7 009 461)	-	(128 315 998)
Total Recoverable debtors by customer classification	33 540 996	2 507 377	5 985 803	42 034 177
Summary of Receivables by Customer Classification				
	Residential, Industrial & Commercial R	Other Debtors R	National and Provincial Government R	Total R
2016				
Total Receivables	116 074 565	3 166 044	2 639 826	121 880 435
Less: Provision for doubtful debts	(89 334 794)	(2 917 411)	-	(92 252 205)
Total Recoverable debtors by customer classification	26 739 771	6 083 455	2 639 826	29 628 230
Trade and other receivables impaired				
2017				
		Exchange Transactions R	Non-Exchange Transactions R	Total R
Total		(51 627 651)	(76 688 347)	(128 315 998)
2016				
		Exchange Transactions R	Non-Exchange Transactions R	Total R
Total		(45 517 717)	(46 734 488)	(92 252 205)

Debts on rates are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Reconciliation of the Total Provision for Debt Impairment

	2017	2016
	R	R
Balance at beginning of the year	92 252 205	96 225 499
Contributions to provision	39 542 358	69 311 226
VAT Contributions to provision	735 948	1 518 048
Additional interest/corrections transferred to/from provision	117 214	3 544
Doubtful debts written off against provision	(4 331 728)	(74 806 112)
Balance at end of year	128 315 998	92 252 205

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

22 OPERATING LEASE ARRANGEMENTS

22.1 The Municipality as Lessor

Notes

Balance on 1 July	53 002	15 412
Operating Lease Asset previously not recognised - Note 25.23 and Note 39.06	-	-
Restated Balance on 1 July	53 002	15 412
Operating Lease Asset previously not recognised - Note 25.23 and Note 39.06	-	-
Operating Lease Asset for the current year	37 590	37 590
Balance on 30 June	53 002	53 002

Beaufort West Municipality is leasing land to rate payers for periods of 24 to 119 months with various escalations per year.

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	491 429
1 to 5 Years	554 119
More than 5 Years	154 844
Total Operating Lease Arrangements	1 200 391

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until 2109

23 CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	6 919 336	18 037 290
Primary Bank Account	-	-
Cash Floats	6 270	12 230
Total Cash and Cash Equivalents - Assets	6 925 606	18 049 520

Liabilities

Primary Bank Account	(288 119)	(1 480 939)
Total Cash and Cash Equivalents - Liabilities	(288 119)	(1 480 939)

Call Investments Deposits to an amount of R11 091 768 are held to fund the Unspent Conditional Grants (2016: R4 709 333).

Bank overdraft of R5 000 000 exists at Nedbank and the Municipality has a facility of R 854 000 for Fleet Cards at Nedbank.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

23	CASH AND CASH EQUIVALENTS (CONTINUED)	2017 R	2016 R
	The municipality has the following bank account:		
	<u>Current Account</u>		
	Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):		
	Cash book balance at beginning of year	(520 342)	(1 932 245)
	Cash book balance at end of year	(288 119)	(520 342)
	Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318	(1 166 224)	3 046 652
	Bank statement balance at beginning of year ABSA-Account Number 405 0538 936	(150 182)	458 675
	Bank Accounts balance at beginning of year	(1 316 405)	3 505 326
	Bank statement balance at end of year Nedbank-Account Number 10 7428 0318	(1 166 224)	(1 166 224)
	Bank statement balance at end of year ABSA-Account Number 405 0538 936	(150 182)	(150 182)
	Bank Accounts balance at end of year	(1 316 405)	(1 316 405)
	<u>Call Investment Deposits</u>		
	Call investment deposits consist out of the following accounts:		
	Investec		4 536 535
	ABSA		5 034 228
	Standard Bank		3 895 843
	Nedbank		4 570 662
		-	18 037 268
24	PROPERTY RATES		
	<u>Actual</u>		
	Rateable Land and Buildings	31 469 401	28 885 130
	Residential, Commercial Property, State	31 469 401	28 885 130
	Less: Rebates	(3 147 539)	(2 854 038)
	Total Assessment Rates	28 321 862	26 031 092
	<u>Valuations on 30 June 2017:</u>		
	Residential	1 116 804 952	1 126 632 080
	Commercial	269 765 740	263 229 800
	Governments	49 484 700	49 299 700
	Schools	48 439 100	46 978 100
	PSI	40 440 100	41 221 900
	Non profitable	83 225 250	83 666 150
	Exemptions (Municipal)	214 723 700	197 507 250
	Agricultural	1 695 187 020	1 720 778 060
	Vacant Erven	-	-
	Building Clause	10 935 928	10 735 928
	Total Property Valuations	3 529 006 490	3 540 048 968
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R19 000 on the valuation is exempted.		
	Rates are levied monthly and payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly rates.		
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

25 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share - Refer to Note 25.1

Conditional Grants

Municipal Infrastructure Grant
Finance Management Grant
Department of Mineral and Energy
ESKOM
ACIP
Municipal System Improvement Grant
Provincial Administration Western Cape (PAWC)
Neighbourhood Development Programme (NDP)
Donations and Public Contributions
Expended Public Works Program National (EPWP)
Water Learner ship LGSETA
Community Development Workers

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital
Government Grants and Subsidies - Operating

2017 R	2016 R
46 569 000	44 160 000
46 569 000	44 160 000
58 112 701	66 398 233
12 086 235	12 195 798
1 461 436	1 457 866
3 947 369	12 624 805
-	312 637
-	2 791 790
-	923 693
38 581 895	33 566 097
269 246	264 150
-	320 243
1 611 646	1 736 017
-	-
154 874	205 137
104 681 701	110 558 233
42 380 983	14 556 431
62 300 718	96 001 801
104 681 701	110 558 233

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Executive & Council	31 849 116	26 740 798
Budget & Treasury	3 251 416	5 410 470
Corporate Services	116 986	543 362
Planning & Development	287 281	631 856
Community & Social Services	5 268 491	6 663 612
Housing	6 088 389	25 209 541
Sport & Recreation	1 663 443	998 731
Waste Management	1 781 477	946 971
Waste Water Management	25 983 442	10 991 068
Road Transport	10 146 108	2 164 927
Water	8 084 469	11 640 329
Electricity	10 161 083	18 616 568
	104 681 701	110 558 233

The municipality does not expect any significant changes to the level of grants.

25.1 Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned

See Appendix D & note 10 for a reconciliation of all grants.

26 SERVICE CHARGES

Electricity

Service Charges - Electricity

Less: Rebates

Water

Service Charges - Water

Less: Rebates

Refuse removal

Service Charges - Refuse

Less: Rebates

Sewerage and Sanitation Charges

Service Charges - Sewerage

Less: Rebates

Total Service Charges

68 098 615	63 227 351
68 098 615	67 085 160
-	(3 857 809)
28 430 696	15 589 880
28 430 696	24 073 528
-	(8 483 648)
7 985 257	6 465 133
7 985 257	7 412 104
-	(946 971)
16 583 878	12 326 698
16 583 878	15 292 056
-	(2 965 358)
121 098 446	97 609 062

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

27	OTHER REVENUE	2017 R	2016 R
	Insurance excess revenue	698 933	242 541
	VAT portion of Grants that the Municipality may recognized as own income	2 570 344	4 453 366
	Selling of burial sites	208 721	205 952
	Fees: swimming pool	111 116	138 392
	Commission on insurances	91 379	90 611
	Re-connections	54 374	53 106
	Building plans	82 474	89 101
	Sale of land	235 480	95 606
	Reversal: Impairment	-	-
	Contribution Capital Replacement Grant	1 200 000	807 136
	Other income represents sundry income such as administration income, sale of sand and photocopies.	1 189 598	1 259 733
	Total Other Income	6 442 419	7 435 544
28	EMPLOYEE RELATED COSTS		
	Standby Allowances	1 543 282	1 358 369
	Housing Subsidy	926 005	902 454
	Performance Bonus	509 196	512 366
	Bonus	4 134 649	3 822 031
	Essential Users	1 636 772	1 320 048
	Overtime	3 390 564	2 798 769
	Long Service Awards	4 500	14 000
	Salaries	59 897 842	54 499 274
	Acting Allowance	1 445 836	2 078 464
	Uniform Allowance	55 920	53 061
	Leave Reserve Fund	1 270 117	761 004
	Transport Allowance	462 932	566 014
	Group Insurance	47 354	51 246
	Medical Aid Contribution	1 409 345	1 337 469
	Provident Fund SAMWU	538 960	561 851
	Pension Fund Contribution	8 441 853	7 436 351
	Occupational Health/Safety	-	48 045
	Unemployment Fund	612 891	552 160
	Long Service Bonus	330 069	315 183
	Post Retirement Medical	945 988	891 406
	Rural Allowances	86 714	-
	Total Employee Related Costs	87 690 789	79 879 565
	KEY MANAGEMENT PERSONNEL		
	The Municipal Manager, Director Corporate Services and the CFO are appointed on 5-year fixed contracts and the Directors Electrical Services and Engineering Services are permanently employed. The Director Community Services is vacant and is filled by an acting employee.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	<i>Remuneration of the Municipal Manager: J Booysen</i>		
	Annual Remuneration	1 438 351	1 052 227
	Performance Bonuses	150 830	140 963
	Car Allowance	50 000	118 968
	Contributions, Medical and Pension Funds	89 329	199 989
	Leave pay-out	212 630	
	Function Committee Allowance	-	-
	Acting allowance	30 941	
	Total	1 972 081	1 512 147
	<i>Remuneration of the Director Financial Services: F Sabbat</i>		
	Annual Remuneration	538 933	821 155
	Performance Bonuses	90 522	86 167
	Car Allowance	136 929	192 000
	Acting allowance	19 179	-
	Leave pay-out	62 888	
	Total	848 450	1 099 322
	<i>Remuneration of the Director Electrical Services: RE van Staden</i>		
	Annual Remuneration	770 244	643 012
	Performance Bonuses	75 475	86 213
	Car Allowance	72 000	72 000
	Contributions, Medical and Pension Funds	134 512	123 604
	Leave pay-out		57 113
	Acting Allowance	931	10 606
	Total	1 053 162	992 548

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

28	EMPLOYEE RELATED COSTS (CONTINUED)	2017 R	2016 R
	Remuneration of the Acting Director Community Services: RE Klink		
	Annual Remuneration		415 358
	Performance Bonuses	545 718	
	Car Allowance	64 003	
	Contributions, Medical and Pension Funds	87 371	
	Acting Allowance	19 679	
	Long-service Award		
	Leave pay-out	41 121	
	Housing Allowance	2 226	
	Telephone	900	
	Total	761 018	415 358
	Remuneration of the Director Engineering Services: JCL Smit		
	Annual Remuneration	503 262	692 396
	Performance Bonuses	80 575	92 037
	Car Allowance	48 000	72 000
	Contributions, Medical and Pension Funds	95 405	132 749
	Long-service Award	84 447	
	Leave pay-out	83 180	
	Total	894 868	989 182
	Remuneration of the Director Corporate Services: AC Makendiana		
	Annual Remuneration	870 313	795 126
	Performance Bonuses	90 522	74 771
	Car Allowance	60 000	60 000
	Contributions, Medical and Pension Funds	95 773	152 546
	Acting Allowance		13 884
	Telephone	6 000	6 000
	Total	1 122 608	1 102 327
	Remuneration of the Acting Director Financial Services: CJ Kymdell		
	Annual Remuneration	291 333	
	Car Allowance	32 000	
	Acting Allowance	48 500	
	Total	371 833	-
	Remuneration of the Acting Director Engineering Services: CB Wright		
	Acting Allowance	82 896	
	Total	82 896	-
29	REMUNERATION OF COUNCILLORS		
	Remuneration of Councillor: H.T. Prince		
	Annual Remuneration	160 696	426 967
	Allowance	5 834	
	Telephone Allowance	21 524	20 868
	Travelling	63 322	175 719
	Tools of trade	3 547	3 600
	Pension	6 638	61 964
	Medical	50 227	45 115
	Total	311 786	734 233
	Remuneration of Councillor: S.M. Motsoane		
	Annual Remuneration	180 615	371 760
	Allowance	4 667	
	Telephone Allowance	21 524	20 868
	Travelling	63 751	141 953
	Tools of trade	3 547	3 600
	Pension	23 788	54 099
	Total	297 891	592 280
	Remuneration of Councillor: G.P. Adolph		
	Annual Remuneration	50 368	399 242
	Allowance	300	
	Telephone Allowance	2 254	20 868
	Travelling	6 100	74 755
	Tools of trade	389	3 600
	Pension	4 991	58 325
	Total	64 400	556 791
	Remuneration of Councillor: J. Bostander		
	Annual Remuneration		93 609
	Telephone Allowance		13 912
	Travelling		35 657
	Tools of trade		2 400
	Pension		13 360
	Total	-	158 938
	Remuneration of Councillor: M. Furmen		
	Annual Remuneration	25 910	213 939
	Telephone Allowance	2 254	20 868
	Tools of trade	389	3 600
	Total	28 553	238 407

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

29	REMUNERATION OF COUNCILLORS (CONTINUED)	2017 R	2016 R
	Remuneration of Councillor: G. De Vos		
	Annual Remuneration	21 453	160 454
	Telephone Allowance	2 254	20 868
	Travelling	4 457	53 485
	Tools of trade	389	3 600
	Total	28 553	238 407
	Remuneration of Councillor: J. Diedericks		
	Annual Remuneration	64 125	96 775
	Telephone Allowance	2 254	3 895
	Tools of trade	389	672
	Total	66 768	101 342
	Remuneration of Councillor: A.M. Slabbert		
	Annual Remuneration	439 265	160 454
	Allowance	1 758	
	Telephone Allowance	21 524	20 868
	Travelling	127 576	53 485
	Tools of trade	3 547	3 600
	Total	593 671	238 407
	Remuneration of Councillor: D.E. Welgemoed		
	Annual Remuneration		113 842
	Telephone Allowance		15 651
	Travelling		44 571
	Tools of trade		2 700
	Pension		15 104
	Total	-	191 868
	Remuneration of Councillor: E Wentzel		
	Annual Remuneration	493 315	
	Telephone Allowance	19 614	
	Tools of trade	3 217	
	Pension	49 375	
	Total	565 520	-
	Remuneration of Councillor: E Lawrence		
	Annual Remuneration	189 869	
	Telephone Allowance	19 614	
	Tools of trade	3 217	
	Pension	23 254	
	Total	235 953	-
	Remuneration of Councillor: O Haarvoor		
	Annual Remuneration	508 820	
	Telephone Allowance	19 614	
	Tools of trade	3 217	
	Total	531 650	-
	Remuneration of Councillor: ZJD Lambert		
	Annual Remuneration	213 123	
	Telephone Allowance	19 614	
	Tools of trade	3 217	
	Total	235 953	-
	Remuneration of Councillor: K Alexander		
	Annual Remuneration	213 123	
	Telephone Allowance	19 614	
	Tools of trade	3 217	
	Total	235 953	-
	Remuneration of Councillor: MA Kilani		
	Annual Remuneration	200 720	
	Telephone Allowance	19 614	
	Travelling	8 914	
	Tools of trade	3 217	
	Pension	3 488	
	Total	235 953	-
	Remuneration of Councillor: N Constable		
	Annual Remuneration	213 123	
	Telephone Allowance	19 614	
	Tools of trade	3 217	
	Total	235 953	-
	Remuneration of Councillor: K Malooi		
	Annual Remuneration	417 459	
	Telephone Allowance	11 692	
	Tools of trade	2 017	
	Total	431 168	-
	Remuneration of Councillor: JJ van der Linde		
	Annual Remuneration	49 033	
	Allowance	4 572	
	Telephone Allowance	1 739	
	Travelling	14 787	
	Tools of trade	300	
	Total	70 431	-

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Remuneration of Councillor: J Jonas

Annual Remuneration	58 970	
Telephone Allowance	5 136	
Tools of trade	886	
Total	64 992	-

Remuneration of Councillor: A.D. Willemse

Annual Remuneration		66 953
Telephone Allowance		8 695
Travelling		22 318
Tools of trade		1 500
Total	-	99 466

Remuneration of Councillor: G.T. Murray

Annual Remuneration	25 910	213 933
Telephone Allowance	2 254	20 868
Tools of trade	389	3 600
Pension	49 375	-
Total	77 928	238 401

Remuneration of Councillor: R. vd Linde

Annual Remuneration		120 341
Telephone Allowance		15 651
Travelling		40 114
Tools of trade		2 700
Total	-	178 805

Remuneration of Councillor: L. Deyce

Annual Remuneration	177 493	186 824
Telephone Allowance	16 707	20 868
Tools of trade	2 716	3 600
Pension	2 325	27 115
Total	199 242	238 407

Remuneration of Councillor: E.A.J. Beyers

Annual Remuneration		402 552
Telephone Allowance		16 521
Tools of trade		2 850
Pension		56 702
Total	-	478 624

Remuneration of Councillor: R.T. Hugo

Annual Remuneration	25 910	114 163
Telephone Allowance	2 254	10 434
Tools of trade	389	1 800
Total	28 553	126 397

Remuneration of Councillor: L. Basson

Annual Remuneration	238 691	71 313
Telephone Allowance	21 834	6 956
Tools of trade	3 600	1 200
Total	264 125	79 469

Remuneration of Councillor: P. Simon

Annual Remuneration	21 453	28 720
Telephone Allowance	2 254	2 801
Travelling	4 457	
Tools of trade	389	483
Total	28 553	32 005

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

29	REMUNERATION OF COUNCILLORS (CONTINUED)	2017 R	2016 R
	Total Remuneration of Councillors		
	Annual Remuneration	3 989 445	3 241 841
	Allowance	17 131	
	Telephone Allowance	274 751	261 460
	Travelling	293 363	642 057
	Tools of trade	45 398	45 105
	Pension	163 233	286 670
	Medical	50 227	45 115
	Total	4 833 549	4 522 248
	In-kind Benefits		
	The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties.		
30	DEBT IMPAIRMENT		
	Trade Receivables from exchange transactions - Note 20	21 417 571	36 146 107
	Other Receivables from non-exchange transactions - Note 21	18 124 787	33 165 119
	Total Contribution to Impairment Provision	39 542 358	69 311 226
31	DEPRECIATION AND AMORTISATION		
	Depreciation PPE	16 086 361	14 771 504
	Depreciation Investment Properties	269 160	249 254
	Depreciation Capitalised Restoration Cost	12 805	139 193
	Amortisation	187 146	120 246
	Total depreciation and amortisation expenditure	16 555 471	15 280 197
32	IMPAIRMENTS		
	Property Plant & Equipment	-	-
	Investment Properties	-	-
	Capitalised Restoration Cost	(29 220)	(35 932)
	Balance Previously Reported		-
	Correction of error		-
	Total Impairments	(29 220)	(35 932)
33	REPAIRS AND MAINTENANCE		
	Repairs and maintenance expenditure per vote		
	Executive & Council	2 151	1 093
	Budget & Treasury	262 224	257 611
	Corporate Services	1 089 747	1 036 223
	Planning & Development	85 867	80 285
	Community & Social Services	688 129	663 169
	Housing	213 898	242 226
	Public Safety	509 943	401 172
	Sport & Recreation	1 103 445	1 253 826
	Waste Management	1 535 041	2 099 325
	Waste Water Management	802 377	526 899
	Road Transport	2 377 528	2 964 568
	Water	4 047 115	6 193 525
	Electricity	1 591 588	8 409 227
	Total repairs and maintenance expenditure	14 309 053	24 129 149
34	FINANCE CHARGES		
	Long-term Liabilities	3 493 684	2 774 360
	Finance leases	206 611	325 383
	Post Retirement Charges	2 735 613	2 488 715
	Overdraft Facilities	154 206	130 729
	Total finance charges	6 590 114	5 719 187

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2017 R	2016 R
35	BULK PURCHASES		
	Electricity	53 948 964	50 648 141
	Water	7 563 138	5 668 164
	Total Bulk Purchases	61 512 102	56 316 305
	Stock Adjustments	(8 161 899)	(8 400 222)
	Total Bulk Purchases excluding Stock Adjustments	53 350 203	47 916 083
36	CONTRACTED SERVICES		
	Accountancy Services	59 742	134 963
	Finance Management Grant	58 756	649 858
	IDP PAWK	93 659	-
	SDBIP	518 362	401 558
	Security Services	3 345 027	3 516 440
	Speed Camera	8 766 449	7 183 404
	Valuation cost	1 421 329	70 768
	Total Contracted services	14 263 324	11 956 991
37	GRANTS AND SUBSIDIES		
	Donations	98 140	34 879
	Total Grants and Subsidies	98 140	34 879
38	GENERAL EXPENSES		
	Advertisement Costs	482 913	538 706
	Banking Charges	815 723	625 150
	Bursaries	276 737	184 726
	Community Development Workers	154 936	207 470
	Organisations	1 572 078	1 484 677
	Insurance	734 948	815 439
	Licences/ Agreements	1 467 180	1 293 689
	Printing & Stationary	913 748	901 968
	Subsistence & Travel	784 128	976 131
	Audit fees	2 569 431	2 460 057
	Telephone Costs	1 752 089	1 562 530
	Training Costs	199 242	138 679
	Water service development program	291 603	184 933
	Ward Committee	367 952	691 676
	Vehicle Cost	406 742	85 831
	Postage	606 495	532 358
	Digging of graves	272 937	255 193
	Job Creation	(231)	(1 890)
	Legal expenses	318 851	164 468
	Rental Fees	87 946	74 517
	Deeds Registrations	16 089	18 725
	Mayoral Golf Tournament	98 895	97 242
	Public Functions	44 126	178 442
	Publicity	62 461	26 473
	Tracking Device	108 204	75 281
	Deficit Rental Mun. Dwelling	157 205	193 574
	Licences Vehicles	180 709	157 996
	Consulting Fees	880 047	1 466 791
	Workmans Compensation	525 828	1 987 890
	Collection Charges	125 286	166 056
	SCOA Implementation	1 918 094	1 022 601
	Basic service delivery rebates	526 132	374 440
	Youth and gender	-	33 637
	Literacy Program	10 212	23 612
	Housing	5 943 801	25 209 541
	Electricity network	2 186	5 273 441
	MIG PMU	73 174	48 368
	Other expenditure	1 009 721	1 495 559
	General Expenses	25 757 618	51 025 977

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial Performance. This include items such as telecommunications, travelling, legal fees and auditing fees.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

39		Notes	2016 R
39.01	CORRECTION OF ERROR IN TERMS OF GRAP 3		
	Changes to Statement of Financial Performance		
	Balance previously reported		(11 246 623)
	Repairs and maintenance on fixed assets not recognised during the prior period	39.03	(17 843)
	Repairs and maintenance on fixed assets not recognised during the prior period	39.03	(3 643)
	Advertising costs not recognised during the prior period	39.03	(196 032)
	General expenses incorrectly allocated during the prior period	39.03	4 845
	Incorrect amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.04	
	Incorrect amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.04	
	Correct amount on calculation of additions on Capitalised Restoration Cost during 2014/15	39.04	35 012
	Correct amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.04	
	Correct amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.04	
	Correct amount on calculation of reversal of Operating Lease during 2014/15	39.07	
	Correct amount on calculation of impairment on Land during 2014/15	39.09	
	Correction of error for difference of Outstanding Creditors ito 2014/15		
	Correction of error for invoices recorded in wrong financial year of Trade Payables ito 2014/15		
	Correct amount on calculation of depreciation on Investment Properties during 2014/15	39.02	
	Total		(11 424 285)
39.02	Accumulated Surplus/(Deficit)		
	Balance previously reported		402 966 600
	Correction of opening balances in terms of cash and cash equivalents	39.03	(960 597)
	Correct amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.03	
	Incorrect amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.04	
	Incorrect amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.04	
	Correct amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.04	
	Correct amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.04	
	Correct amount on calculation of reversal of Operating Lease during as at 30 June 2014	39.07	
	Correction of error for difference of Outstanding Creditors ito 2013/14	39.01	
	Correction of long outstanding unpaid conditional grants 2013/2014	39.10	
	Add Land towards asset register not recognized prior years	39.09	
	Redemption ito Standard Bank Loan not recognized in 2013/2014		
	Total		402 006 002
39.03	Non-Current Provisions		
	Balance previously reported		9 601 499
	Incorrect amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.02	
	Incorrect amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.04	
	Incorrect amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.01	
	Correct amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.02	
	Correct amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.04	
	Correct amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.01	
	Correct amount on calculation of Landfill site provision Increase in Estimate during 2014/15	39.01	
	Total		9 601 499
39.04	Capitalised Restoration Cost		
	Balance previously reported		170 735
	Incorrect amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.03	
	Incorrect amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.02	
	Incorrect amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.02	
	Incorrect amount on calculation of Acquisitions on Capitalised Restoration Cost as at 30 June 2014/15	39.01	35 012
	Incorrect amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.01	
	Incorrect amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.01	
	Correct amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.03	
	Correct amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.02	
	Correct amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.02	
	Correct amount on calculation of additions on Capitalised Restoration Cost during 2014/15	39.01	
	Correct amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.01	
	Correct amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.01	
	Total		205 747

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2017	2016
	R	R
39.05 Long-term Liabilities		
Balance previously reported		
Redemption ito Standard Bank Loan not recognized in 2013/2014	39.02	
Total		-
39.06 Operating Lease Asset		
Balance previously reported		14 196
Correct amount on calculation of reversel of Operating Lease during 2014/15	39.02	
Correct amount on calculation of reversel of Operating Lease during 2014/16	39.01	
Total		14 196
39.07 Trade Payables		
Balance previously reported		27 075 160
Retention	9	
Sundry Creditors	9	
Other Deposits	9	
Correction of error for difference of Deposits Other ito 2013/14		
Correction of error for difference of Trade Payables ito 2013/14		
Correction of error for invoices recorded in wrong financial year of Trade Payables ito 2014/15		
Correction of error for difference of Trade Payables ito 2014/15		
Total		27 075 160
39.08 Other Deposits		
Balance previously reported		1 255 460
Trade Payables	9	-
Total		1 255 460
39.09 Property, Plant and Equipment		
Balance previously reported		452 172 824
Add Land towards asset register not recognized prior years		
Correct amount on calculation of impairment on Land during 2014/15		-
Total		452 172 824
39.10 Unpaid Conditional Government Grants and Receipts		
Balance previously reported		1 614 319
Correction of long outstanding unpaid conditional grants 2013/2014		
Total		1 614 319
39.11 Trade Receivables from exchange transactions		
Balance previously reported		28 018 610
Correction of outstanding Rates disclosed as outstanding Other Debtors during 2014/2015	20	
Total		28 018 610
39.12 Other Receivables from non-exchange transactions		
Balance previously reported		5 931 129
Correction of outstanding Rates disclosed as outstanding Other Debtors during 2014/2015	21	
Total		5 931 129
40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus for the year	29 868 429	(11 424 283)
Adjustments for:		
Depreciation	16 372 987	15 159 954
Amortisation of Intangible Assets	187 146	120 246
(Gain)/Loss on disposal of property, plant and equipment	4 829 623	23 278
Contributed PPE	(1 400 000)	-
Impairments	(29 220)	(35 932)
Contribution from/to employee benefits - non-current	(1 266 594)	(1 163 050)
Contribution from/to employee benefits - non-current - expenditure incurred	4 019 444	3 696 329
Contribution from/to employee benefits - non-current - actuarial losses	(3 409 367)	(506 605)
Contribution from/to provisions - non-current	1 672 668	437 476
Contribution to employee benefits – current	5 913 962	5 095 401
Contribution to employee benefits – current - expenditure incurred	(5 183 887)	(4 532 997)
Contribution to provisions – Debt Impairment	39 542 358	69 311 226
Impairment written off	(4 331 728)	(74 806 112)
(Increase)/Decrease in Capitalised Restoration Cost	(27 254)	851 231
Additional debt Impairment transactions	117 214	3 544
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	2 562 414	6 382 436
Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts	10 359	(65 208)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	913 052
Operating lease income accrued	-	(37 590)
Operating Surplus/(Deficit) before changes in working capital	89 448 554	9 422 397
Changes in working capital	(48 775 050)	14 789 878
Increase/(Decrease) in Trade and Other Payables	(1 620 562)	(1 563 761)
Increase/(Decrease) in Taxes	712 299	1 920 607
(Increase)/Decrease in Inventory	398 999	(736 961)
Increase/(Decrease) in Consumer Deposits	203 953	65 548
(Increase)/Decrease in Trade Receivables from exchange transactions	(9 406 257)	(7 082 714)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(39 063 482)	22 187 158
Cash generated/(absorbed) by operations	40 673 504	24 212 275

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2017 R	2016 R
41	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 23	6 919 336	18 037 290
	Cash Floats - Note 23	6 270	12 230
	Bank overdraft - Note 23	(288 119)	(1 480 939)
	Total cash and cash equivalents	6 637 487	16 568 581
42	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 41	6 637 487	16 568 581
	Less:	6 637 487	16 568 581
		13 000 700	9 989 753
	Unspent Committed Conditional Grants - Note 10	13 654 183	11 091 769
	Unspent Public Contribution - Note 11	91 106	80 747
	Unpaid Committed Conditional Grants - Note 10	-	-
	Staff Leave - Note 7	5 097 439	4 635 616
	VAT - Note 12	(6 065 549)	(6 041 900)
	Cash Portion of Housing Development Fund - Note 2	223 521	223 521
	Net cash resources available for internal distribution	(6 363 213)	6 578 828
	Allocated to:		
	Capital Replacement Reserve	3 245 451	3 078 397
	Resources available for working capital requirements	(9 608 664)	3 500 431
43	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 3	16 623 908	14 105 614
	Used to finance property, plant and equipment - at cost	(16 623 908)	(14 105 614)
		-	-
	Annuity loans at amortised cost is calculated at 6.75%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.		
44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2017 R	2016 R
44.1	Unauthorised expenditure		
	Reconciliation of unauthorised expenditure:		
	Opening balance	56 171 331	28 487 953
	Unauthorised operating expenditure current year	10 603 529	27 431 018
	Unauthorised capital expenditure current year	252 361	252 361
	Approved by Council or written off	-	-
	Unauthorised expenditure awaiting further action	67 027 221	56 171 331

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Unauthorised expenditure current year - capital

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 R (Unauthorised)
Vote 1 - Municipal Manager	48 102	40 000	8 102	8 102
Vote 2 - Director: Corporate Service	1 630 262	1 637 552	(7 290)	-
Vote 3 - Director: Financial Services	292 424	48 165	244 259	244 259
Vote 4 - Director: Engineering Services	13 782 495	24 306 225	(10 523 730)	-
Vote 5 - Director: Community Services	32 733	622 942	(590 209)	-
Vote 6 - Director: Electrical Services	2 700 658	9 773 945	(7 073 287)	-
	18 486 675	36 428 829	(17 942 154)	252 361

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	204 479	159 670
Fruitless and wasteful expenditure current year	1 016 152	44 809
Written off by Council	-	-
Transfer to receivables for recovery - not written off	-	-
Fruitless and wasteful expenditure awaiting further action	1 220 631	204 479

Incident	Disciplinary steps/criminal proceedings		
During the year under review it was discovered that some cell phone accounts of former employees and councillors are still debited against the municipality's bank account	None		44 809
Contractor was stopped to perform his duties on site during his contact.	None	439 954	
During the year under review it was discovered that debit orders were going off against the municipality's bank account for payments to Homechoice, Multichoice, Truworths, etc	None	576 198	-

44.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	16 952 840	15 906 727
Irregular expenditure prior years	-	-
Irregular expenditure current year	919 318	1 046 113
Written off supported by Council	-	-
Transfer to receivables for recovery - not written off	-	-
Irregular expenditure awaiting further action	17 872 158	16 952 840

Incident	Disciplinary steps/criminal proceedings
2012 - Suppliers identified as having members/directors/owners who are in the service of the state with no evidence of this disclosed to the municipality. R6 170	None
2012 - Awards made to close family members of persons in the service of the state. (declaration has been signed) R10 094	None
2014 - Open tender request sent after event. R35 000	None
2015 - SCM procedures not followed current year. R550 134.06	None
Irregular Expenditure incurred ito Contracting for Traffic Services: 2011/2012 Financial Year - R3 025 588.67 2012/2013 Financial Year - R5 725 559.70 2013/2014 Financial Year - R6 570 444.36	None
2016 - SCM procedures not followed current year. R1 046 112.55	None
2017 - SCM procedures not followed current year. R919 318.46	None

44.4 Material Losses

Electricity distribution losses

Units purchased (Kwh)	54 386 578	56 695 109
- Units lost during distribution (Kwh)	4 906 432	6 196 904
- Percentage lost during distribution	9.02%	10.93%

Water distribution losses

Kilolitres purified	2 647 727	2 672 800
- Kilolitres lost during distribution	1 153 505	1 350 633
- Percentage lost during distribution	43.57%	50.53%

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2017	2016
		R	R
45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
45.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	287 991	829 780
	Amount paid - current year	(287 991)	(829 780)
	Balance unpaid (included in creditors)	-	-
45.2	<u>Audit fees - [MFMA 125 (1)(c)]</u>		
	Opening balance	-	-
	Current year audit fee	2 569 430	2 460 057
	External Audit - Auditor-General	2 569 430	2 460 057
	Amount paid - current year	(2 569 430)	(2 460 057)
	Balance unpaid (included in creditors)	-	-
45.3	<u>VAT - [MFMA 125 (1)(c)]</u>		
	VAT	(6 065 549)	(6 041 900)
	VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.		
45.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u>		
	Opening balance	726 820	776 782
	Current year payroll deductions and Council Contributions	10 780 269	9 432 541
	Amount paid - current year	(11 507 089)	(9 482 504)
	Balance unpaid (included in creditors)	-	726 820
45.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>		
	Opening balance	1 210 548	967 228
	Current year payroll deductions and Council Contributions	15 807 766	14 658 512
	Amount paid - current year	(17 018 314)	(13 447 964)
	Amount paid - previous year		(967 228)
	Balance unpaid (included in creditors)	-	1 210 548
45.6	<u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u>		
	The following Councillors had arrear accounts for more than 90 days at 30 June 2017 financial year:		
		2017	2016
		R	R
		Outstanding	Outstanding
		more than 90	more than 90
		days	days
	Councillor HT Prince (012338/010957)	22 629	5 663
	Councillor HT Prince (010956/010957)	13 684	-
	Councillor SM Motsokane (022661/022662)	1 176	-
	Councillor J Diedericks (020895/015754)		11 721
	Councillor GPJ Simon (000291/000292, 005103/005104, 024545/024546)		66 141
	Total Councillor Arrear Consumer Accounts	37 489	83 525
45.7	<u>Non-Compliance with Chapter 11 of the Municipal Finance Management Act</u>		
	In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.		
	Range of Deviations approved by Municipal Manager	Total Deviations	Amount
	Deviations between 0 - 10 000	210	1 016 346
	Deviations between 10 001 - 30 000	66	1 051 417
	Deviations between 30 001 - 200 000	40	2 961 173
	Deviations greater than 200 001	4	1 217 728

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2017 R	2016 R
45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
45.8	<u>Other non-compliance</u>		
	MFMA Section 65(2)(b)		
	Adequate management, accounting and information system was not in place which accounted for creditors.		
	MFMA Section 65(2)(e)		
	The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.		
	MFMA Section 15		
	Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.		
	MFMA Section 32(4)		
	Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.		
46	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	16 776 741	35 218 871
	Land & Buildings	950 403	-
	Infrastructure	3 991 183	35 218 871
	Community	11 835 155	-
	Total	16 776 741	35 218 871
		2017 R	2016 R
	This expenditure will be financed from:		
	Government Grants	16 776 741	35 218 871
		16 776 741	35 218 871

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

47 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2017 R	2016 R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2015 - 0.5%) Increase in interest rates	(49 963)	17 057
0.5% (2015 - 0.5%) Decrease in interest rates	49 963	(17 057)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

The ageing of amounts past due and not impaired is as follows:

	Non-Exchange Receivables R	Exchange Receivables R	Total R
2017			
1 month past due	129 474	479 373	608 847
2 + month past due	396 314	1 015 979	1 412 293
Total	525 788	1 495 352	2 021 140
2016			
1 month past due	129 474	479 373	608 847
2 + month past due	396 314	1 015 979	1 412 293
Total	525 788	1 495 352	2 021 140

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

47

FINANCIAL RISK MANAGEMENT (CONTINUED)

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	525 788	0.00%	525 788
<u>Exchange Receivables</u>				
Electricity	36.61%	547 506	36.61%	547 506
Water	26.30%	393 310	26.30%	393 310
Refuse	3.68%	55 007	3.68%	55 007
Sewerage	12.41%	185 533	12.41%	185 533
Housing Rentals	0.00%	-	0.00%	-
Other	21.00%	313 996	21.00%	313 996
	100.00%	1 495 352	100.00%	1 495 352

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 20 & 21 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates	15.43%	11 832 125	23.30%	10 890 015
Fines	84.57%	64 856 222	76.70%	35 844 473
	100.00%	76 688 347	100.00%	46 734 488
<u>Exchange Receivables</u>				
Electricity	4.32%	2 230 195	5.73%	2 606 329
Water	7.61%	3 930 707	8.66%	3 940 737
Refuse	13.52%	6 978 263	13.65%	6 214 241
Sewerage	20.88%	10 781 061	21.06%	9 584 987
Housing Rentals	0.10%	50 808	0.14%	62 578
Other	53.57%	27 656 617	50.77%	23 108 846
	100.00%	51 627 651	100%	45 517 717

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>				
Rates and Other Receivables	100.00%	565 244	0.00%	-
<u>Exchange Receivables</u>				
Services	100.00%	3 766 484	100.00%	74 806 112
	100.00%	3 766 484	100.00%	74 806 112

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at the Statement of Financial Position date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2017 R	2016 R
Long term receivables	2 971 786	1 847 836
Trade receivables and other receivables	42 034 177	29 628 230
Cash and Cash Equivalents	6 925 606	18 049 520
Unpaid conditional grants and subsidies	-	1
	<u>51 931 568</u>	<u>49 525 587</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 30 years
2017			
Long Term liabilities	5 384 792	10 340 826	7 482 578
Capital repayments	3 875 555	7 247 008	5 194 007
Interest	1 509 237	3 093 818	2 288 572
Trade and Other Payables	29 893 218	-	-
Unspent conditional government grants and receipts	13 654 183	-	-
	<u>48 932 193</u>	<u>10 340 826</u>	<u>7 482 578</u>
2016			
Long Term liabilities	4 313 022	8 734 957	8 677 448
Capital repayments	2 985 579	4 731 158	6 388 877
Interest	1 327 443	4 003 799	2 288 572
Trade and Other Payables	30 345 113	-	-
Unspent conditional government grants and receipts	11 091 768	-	-
	<u>45 749 903</u>	<u>8 734 957</u>	<u>8 677 448</u>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2017	2016
		R	R
48	FINANCIAL INSTRUMENTS		
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
48.1	<u>Financial Assets</u>		
	<u>Classification</u>		
	Long-term Receivables		
	Receivables with arrangements	2 318 233	1 847 836
	Financial instruments at amortised cost		
	Consumer Debtors		
	Trade receivables from exchange transactions	14 866 677	12 635 468
	Other receivables from exchange transactions	2 397 196	1 332 083
	Other receivables from non-exchange transactions	24 770 304	15 660 680
	Financial instruments at amortised cost		
	Unpaid Conditional Grants and Receipts		
	Other Spheres of Government	-	-
	Financial instruments at amortised cost		
	Short-term Investment Deposits		
	Call Deposits	6 919 336	18 037 290
	Financial instruments at amortised cost		
	Bank Balances and Cash		
	Bank Balances	-	-
	Cash Floats and Advances	6 270	12 230
	Financial instruments at amortised cost		
		51 278 016	49 525 586
		51 278 016	49 525 586
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	51 278 016	49 525 586
		51 278 016	49 525 586
48.2	<u>Financial Liability</u>		
	<u>Classification</u>		
	Long-term Liabilities		
	Annuity Loans	9 413 409	10 808 874
	Capitalised Lease Liability	3 334 944	311 161
	Financial instruments at amortised cost		
	Trade Payables		
	Trade creditors	29 893 218	30 345 113
	Financial instruments at amortised cost		
	Unspent Conditional Grants and Receipts		
	Other Spheres of Government	13 654 183	11 091 769
	Public Contributions	91 106	80 747
	Financial instruments at amortised cost		
	Bank Balances and Cash		
	Bank Balances	288 119	1 480 939
	Financial instruments at amortised cost		
	Current Portion of Long-term Liabilities		
	Annuity Loans	1 376 257	2 002 658
	Capitalised Lease Liability	2 499 298	982 921
	Financial instruments at amortised cost		
		60 550 534	57 104 182
		60 550 534	57 104 182
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	60 550 534	57 104 182
		60 550 534	57 104 182

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

49 EVENTS AFTER THE REPORTING DATE

The municipality did not have any event after the reporting date.

50 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations, but receive in-kind assistance from the GTAC Programme, funded by the National Treasury, (Mr. C.J. Kyndell) during the year under review.

51 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

52 CONTINGENT LIABILITY

The following guarantees also qualify as contingent liabilities:

NAME / REG NO	GUARANTEE ISSUED TO	2017 R	2016 R
Nedbank	South African Post Office		50 000
Nedbank	Eskom		34 700
Nedbank	Eskom: Supply Electricity - Nelspoort		41 000
Total		-	125 700

Contingent liabilities - claims against the municipality

The municipality has a claim against them whereby a child was injured in a playing park due to the negligence of the municipality. An indication of the possible claim and legal fees was received from Crawford attorney's.

235 055 235 055

On 15 July 2012 a fire destroyed a private property within the Beaufort West municipal area. Although the owner of the property previously indicated that he was unhappy with the performance of the Fire Department of the municipality he gave no intent of claiming against the municipality. On 21 October 2015, however, the affected party's lawyers issued a letter to the municipality that the affected party have issued a summons for damages for alleged negligence on the part of the Fire Department of the municipality. an indication of the possible claim and legal fees was received from messrs Crawfords.

1 036 927 1 036 927

1 271 982 1 036 927

53 CONTINGENT ASSETS

BANK / FIRM	PURPOSE	REG NO		
First National Bank	Electricity supply	147	2 020	2 020
FNB/Shoprite	Electricity Supply	88	12 265	12 265
FNB/Ackermans	Electricity Supply	91	2 080	2 080
Lombard Insurance Group/AGMS	Housing Project: Merweville	248	210 450	210 450
Lombard Insurance Group/SWANSA	Reclamation Plant	261	260 068	260 068
Rand Merchant Bank o.b.o De Jagers	Performance guarantee: Tender SCM	299		
Loodgieters kontrakteurs	10/2016: Upgrading of Fabriek Street.		173 778	173 778
Nedbank o.b.o A2 Loodgieters	Notice No.99/2015: Tender SCM 08/2016:	295	258 345	258 345
ABSA Bank	W&E Service Erf no. 7401 (BW Mall)	270	222 000	222 000
Renasa Insurance Company LTD	30 Meter High Mast Pole - Floodlighting	266	853 876	853 876
Rand Merchant Bank o.b.o De Jagers	Guarantee No.G900/0583662/GLO:	297		
Loodgieters kontrakteurs	Notice No. 104/2015: Tender SCM		347 556	347 556
Rand Merchant Bank o.b.o De Jagers	Guarantee no. G900/0588505/GLO:	298		
Loodgieters kontrakteurs	Notice No.62/2015: Tender SCM 32/2015:		247 452	247 452
Investec Bank o.b.o S.A Tolling: Guarantee DT	Guarantee No: DT 0186/2014: 1.	289		
0186/2014	Remainder of portion B.of the farm		-	-
Guardrisk nms. Benvir Civils + Plant Hire CC	Suretyship: No SUR 20150320/002:	290		
	Contract No SCM 13/2015 : Contract for		-	183 676
	the upgrading of Dliso and Matshaka			
Fusion Guarantees o.b.o De Jager Plumbing	Guarantee No: FUS 501638 JHB: Notice	291		
Contractors (Pty) Ltd	No. 109/2014 : SCM 12/2015 :Contract for		-	213 723
	the upgrading of streets in Murraysburg			
New National Assurance Company Limited:	Performance guarantee: Tender SCM	271		
ACE obo Benver Civils and Plant Hire CC	10/2012: Construction of pedestrian		59 850	59 850
	walkways in Murraysburg.			
	Performance guarantee: Tender SCM	269		
	94/2011: Upgrading of streets in		314 544	314 544
	Murraysburg: Phase 1.			
Amos Colin Makendlana	Housing guarantee between BWM and	215	-	15 000
	ABSA Bank ito AC Makendlana.			
Nedbank o.b.o Neotel (Pty) Ltd.		296		
	Guarantee No:33739501: Wayleave cable			
	duct requirement WC Government: Install			
	dual protection metro fibres from NLD			
	POP to SITA Beaufort West POP to TFR			
	Prop - Beaufort West		-	50 000
Rand Merchant Bank o.b.o De Jagers	Performance Guarantee: Guarantee	300		
Loodgieters kontrakteurs (Edms)Bpk	Nr.G900/0595443/GLO: Noice Nr.61/2016			
	SCM 26/2016: Upgrading of the			
	Murraysburg Wastewater Treatment		589 240	-
	Works			
Rand Merchant Bank o.b.o R. Koster t/a R.A	Guarantee Nr:G900/0595814/GLO:	301		
Koster	Supply of water and electricity to 13 Bird		31 300	-
	Street [Beaufort Manor]			
Rand Merchant Bank o.b.o R. Koster t/a R.A	Guarantee Nr:G900/0595862/GLO:	302		
Koster	Supply of water and electricity to 7 Bird		21 100	-
	Street [Beaufort Manor]			
The Development Bank of SA [DBSA]		303		
	Project Nr. LS 10619: Upgrading of bulk			
	electricity + Reticulation of 1587 houses:		3 800 000	-
	Kwa-Mandlenkosi and Rustdene			

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The Development Bank of SA [DBSA]	Project Nr. WC 103464.1: 132 kv Electrical substation + Upgrading of municipal offices + Development of Water Source Phase 1	304	9 000 000	-
The Development Bank of SA [DBSA]	Project Nr. WC 103464.2 TIP: Sewerage Services	305	3 000 000	-
The Development Bank of SA [DBSA]	Project Nr. WC 103464.3: Electrical Services: 1. Truck: 5 Ton with Crane + 2. Truck : Refuse Removal + 3. Front-end Loader	306	2 800 000	-
The Development Bank of SA [DBSA]	Project Nr. WC 103464.4 Movable Assets	307	180 000	-
Provincial Gazette Nr. 7711	Notice of Registration of Driving Licence testing centre: Murraysburg Driving Licence Testing Centre	308	-	-
Infinity Guarantees	Performance Guarantee: Guarantee Nr. PS GUA MV 01: Tender nr. SCM 20/2017: Upgrading of the existing Merweville Sport fields	309	1 049 588	-
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	Retention Guarantee Nr. OGT0672ZA0002760: Tender Nr. SCM 06/2017: Upgrading of Protea and Oak Streets, Beaufort West	310	199 417	-
Total			23 634 929	3 426 683

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

54 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

54.1 Related Party Transactions

	Rates - Levied 1 July 2016 - 30 June 2017	Service Charges - Levied 1 July 2016 - 30 June 2017	Other - Levied 1 July 2016 - 30 June 2017	Outstanding Balances 30 June 2017
Year ended 30 June 2017				
Councillors	36 352	135 389	1	20 333
Councillor AM Slabbert (010137/011832)	5 542	18 802	1	1
Councillor AM Slabbert (028981/031495)	3 533	3 325	-	-
Councillor N Constable (010679/032084)	3 707	5 956	-	709
Councillor N Constable (014506/014507)	374	4 402	-	392
Councillor O Haarvoor (510856/003456)	-	1 310	-	219
Councillor JJ van der Linde (014807/014808)	7 417	34 308	-	-
Councillor HT Prince(012338/010957)	9 231	50 510	-	182
Councillor HT Prince(010956/010957)	4 218	3 325	-	15 716
Councillor L Deyce (510271/000768)	1 014	1 310	-	196
Councillor L Basson (024298/024299)	675	2 034	-	0
Councillor MA Kilani (020440/020441)	404	4 465	-	395
Councillor MA Kilani (006482/020441)	-	1 295	-	108
Councillor K Alexander (No account)				
Councillor ZJD Lambert (No account)				
Councillor E Lawrence (No account)				
Councillor E Wentzel (No account)				
Councillor SM Motsokane (022661/022662)	237	4 347	-	2 416
Municipal Manager and Section 57 Employees	73 874	190 821	-	53 960
Municipal Manager : J Booysen(020051/020052) - Resigned Nov '	1 301	-	-	548
Municipal Manager : J Booysen(018115/018116) - Resigned Nov '	-	211	-	89
Municipal Manager : J Booysen(010964/032381) - Resigned Nov '	2 716	23 390	-	5 057
Municipal Manager : J Booysen(019924/032381) - Resigned Nov '	5 681	58 478	-	36 876
Director : A Makendiana (012180/029959)	8 732	2 034	-	-
Director : R van Staden (011989/011990)	10 394	16 298	-	0
Director : JCL Smit (011486/011487) - Resigned Febr '17	9 990	7 829	-	0
Director : ER Klink (510285/000794)	2 710	1 310	-	-
Director : ER Klink (000037/044164)	491	2 034	-	25
Director : ER Klink (000312/044164)	3 540	-	-	-
Director : ER Klink (511153/002065)	378	-	-	0
Director : F Sabbat (011439/031423)- Resigned Febr '17	8 891	22 555	-	5 889
Acting Director : CJ Kymdell (007759/007760)	11 458	30 907	-	3 590
Acting Director : CB Wright (012331/042714)	7 593	25 773	-	1 886

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Provincial Treasury allocate a grant towards the municipality as a bursary in respect of Director : F Sabbat to complete his MBA Degree.

54.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 18 to the Annual Financial Statements.

54.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

54.4 Other related party transactions

The following purchases were made during the year where a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months:

Business	Amount	Interest
Karoo Motors Workshop	727 584	Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
Tokkie se Slaghuis	48 806	Spouses, Mr. J Van Heerden is currently employed at the Department of Correctional Services.
B&B Sweiswerke	300 426	Son, Mr. A.C Du Plessis is currently employed by Department of Education as a teacher.
Ingozi Construction & General Services	22 675	Spouses, Mr. F Pieters and Mr. B Visser is currently employed at the Beaufort West Municipality.
Central Karoo Events	161 766	Sons, Mr. PJ Julies and Mr. J Julies is employed as Vehicle Inspections & Traffic Officer and machine operator at electrical and traffic services at the Beaufort
Sonneblom Bloemiste	40 495	Son, Mr. H Jack is currently employed at the Beaufort West Municipality on a contract basis.
BN Chalmers	9 500	Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.
Karoo Beton Werke	44 077	Spouses, Mr. A Swanepoel and Mrs. E Klazen are employed with the Department of Correctional Services and Education
Beaufort West Luxury Coaches	67 908	Son, Warren Johnson, is employed at the Beaufort West Municipality. Daughter in law, B Johnson is employed as a traffic officer at Department of Community Safety.
Karoo Drukkery	25 935	Wife, Mrs. S Munro is employed at the Department of Health.
Beaufort West Lugreeling & Verkoeling	50 097	Mrs. S Munro is employed at the Department of Health.
Dukeisha Manufacture & Maintenance	85 522	Spouse, Mrs C Esterhuizen, are currently employed by the Education Department
GOUWS ACCOUNTANTS	120 600	Lesly-Ann Gouws, director and shareholder of Gouws Accountants, was appointed at the municipality as an internal auditor during the 2015 financial period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The following purchases were made during the year where Councillors or Management have an interest:

Councillor/Staff Member

Mr. T Prince (a council member of the Beaufort West Municipality) is the president of Beaufort West Local Football Association. The property on which the Football Association is built belongs to the municipality and is leased to the Football Association at an annual amount of R36,000. At 30 June 2016 an amount of R252 056 was outstanding in respect of the lease payments. Further interests include the Central Karoo Soccer and Rustdene Sportpub with outstanding balances amounting to R864 487.

55 **FINANCIAL SUSTAINABILITY**

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current ratio decreased to 0.91:1 from 0.92:1 in the prior year.

The municipality have budgeted for a surplus of R16 230 486 for the 2015/2016 financial year. The municipality is also budgeting for net surpluses of R2 282 668 and R3 453 496 for 2016/2017 and 2017/2018 respectively.

The average debtors' payment days increased to 459 days from 349 days.

A bank overdraft facility is utilised amounting to R 5 000 000.

The outstanding balances in respect of external loans amounts to R12 811 532 (2015 - R12 028 075)

Other Indicators

Possible outflow of resources due the contingent liability disclosed in note 52

**APPENDIX A - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2016	Correction of Error	Balance at 30 June 2016 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2017
					R	R	R	R	R	R
ANNUITY LOANS										
General										
Siriam Building RB21/10/03 IT 5.44	10.5%	DBSA	101257/1	2019/12/31	612 875	-	612 875	-	153 391	459 484
Tata Truck 2 Ton CZ 6388	8.6%	STANDARD	73702013/0003	2016/08/31	6 391	-	6 391	-	6 391	-
Case Tractor 2WD CZ 6311	8.6%	STANDARD	73702013/0004	2016/08/31	6 975	-	6 975	-	6 975	-
Upgr. Fencing & Alarm System	9.7%	F N B	2012/001	2017/06/01	31 842	-	31 842	-	31 842	-
Caterpillar Digger/Loader CZ 5169	9.7%	F N B	2012/002	2017/06/01	145 070	-	145 070	-	145 070	-
Sod Cutter	9.7%	F N B	2012/003	2017/06/01	6 775	-	6 775	-	6 775	-
Lawn Mower Tractor Attached	9.7%	F N B	2012/004	2017/06/01	6 403	-	6 403	-	6 403	-
Lawn Mower Gholf Course	9.7%	F N B	2012/005	2017/06/01	2 345	-	2 345	-	2 345	-
Sewerage Farm Merweville	6.8%	DBSA	103464/2	2025/06/30	1 888 922	-	1 888 922	-	171 005	1 717 917
Case Tractor CZ 7397	9.7%	F N B	2012/006	2017/06/01	37 638	-	37 638	-	37 638	-
Tata Truck 2 Ton Tipper CZ 5339	9.7%	F N B	2012/007	2017/06/01	39 528	-	39 528	-	39 528	-
Refuse Truck CZ 3484	10.9%	DBSA	103465/3	2017/06/30	172 714	-	172 714	-	172 714	-
Archimedes Sewerage Pump	9.7%	F N B	2012/008	2017/06/01	67 288	-	67 288	-	67 288	-
Entrance Road Industrial Area	10.2%	NEDBANK	5/7831033947/1	30/06/2020	2 369 936	-	2 369 936	(19 209)	418 334	1 932 393
Electricity										
Load control syst RB12/5/98 IT.2	14.0%	DBSA	10619	2019/03/31	879 087	-	879 087	-	254 521	624 566
Dyna Cherry Picker CZ 4930	9.5%	ABSA	80343235	2015/11/01	-	-	-	-	-	-
Compressor CZ 4860	9.5%	ABSA	80164276	2015/10/01	-	-	-	-	-	-
Truck with crane CZ 2954	10.9%	DBSA	103464/3	2017/06/30	135 338	-	135 338	-	135 338	-
Toyota Hilux 2L CZ 10975	8.6%	STANDARD	73702013/0001	2016/07/31	1	-	1	-	1	-
20MVA Transformer	10.9%	DBSA	103464/1	2026/07/31	3 963 504	-	3 963 504	-	133 720	3 829 784
Farm Henservier	10.9%	DBSA	103464/1	2026/07/31	1 748 527	-	1 748 527	-	67 190	1 681 337
Pressure Control System	10.9%	DBSA	103464/1	2026/07/31	563 571	-	563 571	-	19 386	544 185
Trailer CZ 6253	8.6%	STANDARD	72702013/0002	2016/07/31	552	-	552	-	552	-
Telemetry System	9.7%	F N B	2012/009	2017/06/01	90 665	-	90 665	-	90 665	-
Water Purification Fencing	9.7%	F N B	2012/010	2017/06/01	35 585	-	35 585	-	35 585	-
Total Annuity Loans					12 811 532	-	12 811 532	(19 209)	2 002 657	10 789 666
LEASE LIABILITY										
Machine Photocopy Kyoocera FS1128	9.00%	1	Thusong Centre	2016/09/30	3 841	-	3 841	-	3 841	-
Machine Photocopy Kyoocera FS 6025	9.00%	1	Thusong Centre	2016/07/30	2 580	-	2 580	-	2 580	-
CZ 2078 ISUZU KB2500 FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/09/30	13 331	-	13 331	-	13 331	-
CZ 2477 ISUZU KB2500 FLETSIDE A/C P/U S/C	8.50%	1	Murraysburg Refuse Removal	2016/09/30	13 331	-	13 331	-	13 331	-
CZ 4155 ISUZU KB2500 FLETSIDE A/C P/U S/C	8.50%	1	Murraysburg Water Reticulation	2016/09/30	14 304	-	14 304	-	14 304	-
CZ 8684 ISUZU KB2500 FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/09/30	14 304	-	14 304	-	14 304	-
CZ 8685 ISUZU KB2500 FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/09/30	14 304	-	14 304	-	14 304	-
CZ 8686 ISUZU KB2500 FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/09/30	14 304	-	14 304	-	14 304	-
CZ 8687 ISUZU KB2500 FLETSIDE A/C P/U S/C	8.50%	1	Recreation Sites	2016/09/30	14 304	-	14 304	-	14 304	-
CZ 5753 SEDAN TOYOTA ETIO'S	8.50%	1	Dir: Traffic Services	2016/09/30	10 619	-	10 619	-	10 619	-
CZ 5136 SEDAN TOYOTA ETIO'S	8.50%	1	Dir: Traffic Services	2016/09/30	10 619	-	10 619	-	10 619	-
CZ 6192 SEDAN TOYOTA ETIO'S	8.50%	1	Dir: Traffic Services	2016/09/30	10 619	-	10 619	-	10 619	-
CZ 8563 ISUZU KB2500 FLETSIDE A/C P/U S/C	8.50%	3	Water Purification	2016/06/30	3 927	-	3 927	-	3 927	-
CZ 1096 ISUZU KB2500 LEED FLETSIDE P/U S	8.50%	3	Water Reticulation	2016/11/30	24 218	-	24 218	-	24 218	-
CZ 5366 ISUZU KB2500 LEED FLETSIDE P/U S	8.50%	1	Street works & Storm Water	2016/10/30	19 005	-	19 005	-	19 005	-
CZ 4898 ISUZU KB2500 LEED FLETSIDE P/U S	8.50%	1	Municipal Buildings	2016/10/30	17 892	-	17 892	-	17 892	-

**APPENDIX A - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2016	Correction of Error	Balance at 30 June 2016 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2017
					R	R	R	R	R	R
CZ 4296 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	3	Water Purification	2016/10/30	16 194	-	16 194	-	16 194	-
CZ 2295 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Fire Brigade	2016/10/30	17 163	-	17 163	-	17 163	-
CZ 1461 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Refuse Removal	2016/10/30	19 443	-	19 443	-	19 443	-
CZ 8728 SEDAN TOYOTA ETIO'S	8.50%	1	Housing Office	2016/10/30	12 608	-	12 608	-	12 608	-
CZ 6743 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	3	Water Purification	2016/11/30	25 429	-	25 429	-	25 429	-
CZ 3697 TRUCK NISSAN UD 90B F/C C/C	8.50%	1	Refuse Removal	2017/01/30	219 162	-	219 162	-	219 162	-
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Financial Services	2017/03/30	4 992	-	4 992	-	4 992	-
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Financial Services	2017/03/30	4 992	-	4 992	-	4 992	-
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Kwa Manderkosi Office	2017/03/30	4 992	-	4 992	-	4 992	-
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Financial Services	2017/03/30	4 992	-	4 992	-	4 992	-
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Traffic Services	2017/03/30	4 992	-	4 992	-	4 992	-
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Traffic Services	2017/03/30	4 992	-	4 992	-	4 992	-
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Traffic Court	2017/03/30	4 992	-	4 992	-	4 992	-
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Housing Office	2017/03/30	4 992	-	4 992	-	4 992	-
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Fire Brigade	2017/03/30	4 992	-	4 992	-	4 992	-
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%	1	General Expenses	2017/03/30	1 960	-	1 960	-	1 960	-
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%	1	Dir: Community Services	2017/03/30	13 705	-	13 705	-	13 705	-
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%	2	Admin: Electrical	2017/03/30	7 359	-	7 359	-	7 359	-
CZ 9005 ISUZU KB250D LEED FLEETSIDE P/U S	9.00%	1	Dir: Community Services	2017/05/30	53 817	-	53 817	-	53 817	-
CZ 4033 ISUZU KB 250D LEED FLEETSIDE P/U S/C	9.25%	3	Dir: Traffic Services	2017/06/30	72 199	-	72 199	-	57 086	15 113
MACHINE FRANKING NEOPOST U - 40	9.25%	1	Dir: Financial Services	2017/06/30	24 782	-	24 782	-	18 322	6 460
MACHINE PHOTOCOPY NASHUA MP 2501SPF	9.25%	1	Dir: Financial Services	2017/11/10	10 530	-	10 530	-	7 457	3 072
MACHINE PHOTOCOPY NASHUA MPC6502SP	9.25%	1	Dir: Corporate Services	2018/03/30	129 207	-	129 207	-	71 273	57 934
CZ 7488 ISUZU KB 250D LEED FLEETSIDE P/U S/C	9.25%	2	Reticulation Low	2018/04/30	111 983	-	111 983	-	58 732	53 251
CZ 8327 ISUZU KB 250D LEED FLEETSIDE P/U S/C	9.25%	3	Reticulation High	2018/04/30	111 983	-	111 983	-	58 732	53 251
MACHINE PHOTOCOPY SAMSUNG PRO XPRESS	9.75%	1	Murraysburg: Admin	2018/10/30	6 524	-	6 524	-	2 616	3 908
MACHINE PHOTOCOPY NASHUA	9.50%	1	Dir: Financial Services	2018/08/30	8 776	-	8 776	-	3 828	4 948
CZ 2168 SEDAN TOYOTA ETIO'S	9.25%	1	Dir: Financial Services	2018/08/30	85 726	-	85 726	-	37 389	48 336
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Dir: Financial Services	2019/05/30	15 430	-	15 430	-	5 228	10 202
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Church Street Library	2019/05/30	15 430	-	15 430	-	5 228	10 202
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Church Street Library	2019/05/30	15 430	-	15 430	-	5 228	10 202
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Mimosa Library	2019/05/30	15 430	-	15 430	-	5 228	10 202
MACHINE PHOTOCOPY MPC2003SP	9.75%	1	Municipal Manager	2018/10/30	37 380	-	37 380	-	14 990	22 390
Sedan Chevrolet Aveo 1.6 LS		3	Dir: Corporate Services	2019/07/30	-	-	-	124 703	34 046	90 658
Ldv Isuzu KB250D Fleetside		3	Dir: Engineers Services	2019/09/30	-	-	-	173 314	38 373	134 941
Sedan Chevrolet Aveo 1.6 LS		3	Building Control	2019/07/30	-	-	-	124 703	34 046	90 658
Ldv Isuzu KB250D Fleetside		3	Municipal Buildings	2019/09/30	-	-	-	173 314	38 373	134 941
Ldv Isuzu KB250D Fleetside		3	Municipal Buildings	2019/07/30	-	-	-	163 258	36 147	127 111
Ldv Isuzu KB250D Fleetside		3	Recreation Sites	2019/07/30	-	-	-	163 258	40 341	122 917
Ldv Isuzu KB250D Fleetside		3	Recreation Sites	2019/09/30	-	-	-	155 632	30 495	125 137
Ldv Isuzu KB250D Fleetside		3	Street works & Storm Water	2019/09/30	-	-	-	155 714	30 511	125 203
Ldv Isuzu KB250D Fleetside		3	Street works & Storm Water	2019/09/30	-	-	-	167 780	37 148	130 632
Ldv Isuzu KB250D Fleetside		3	Street works & Storm Water	2019/07/30	-	-	-	163 258	36 147	127 111
Ldv Isuzu KB250D Fleetside		3	Street works & Storm Water	2019/07/30	-	-	-	141 150	31 252	109 898
Ldv Isuzu KB250D Fleetside		3	Fire Brigade	2019/09/30	-	-	-	139 987	28 518	111 669
Ldv Isuzu KB250D Fleetside		3	Street works & Storm Water	2019/09/30	-	-	-	144 598	28 333	116 265
Ldv Isuzu KB250D Fleetside		3	Street works & Storm Water	2019/09/30	-	-	-	155 714	34 476	121 237
Sedan Chevrolet Aveo 1.6 LS		3	Housing Office	2019/07/30	-	-	-	130 774	35 703	95 071
Ldv Isuzu KB250D Fleetside		3	Refuse Removal	2019/09/30	-	-	-	144 598	28 333	116 265
Sedan Chevrolet Aveo 1.6 LS		3	Dir: Traffic Services	2019/07/30	-	-	-	145 213	39 645	105 568
Ldv Isuzu KB250D Fleetside		3	Street works & Storm Water	2019/09/30	-	-	-	173 314	38 373	134 941
Ldv Isuzu KB250D Fleetside		3	Reticulation Low	2019/09/30	-	-	-	155 714	34 476	121 237
Ldv Isuzu KB250D Fleetside		3	Reticulation: High Voltage	2019/07/30	-	-	-	163 258	40 341	122 917
Ldv Isuzu KB250D Fleetside		3	Water Purification	2019/09/30	-	-	-	165 480	32 424	133 055
Ldv Isuzu KB250D Fleetside		3	Water Purification	2019/07/30	-	-	-	163 258	40 341	122 917
Ldv Isuzu KB250D Fleetside		3	Water Purification	2019/09/30	-	-	-	167 780	37 148	130 632
Ldv Isuzu KB250D Fleetside		3	Water Reticulation	2019/07/30	-	-	-	163 258	36 147	127 111
Ldv Isuzu KB250D Fleetside		3	Water Reticulation	2019/07/30	-	-	-	163 258	36 147	127 111
Ldv Isuzu KB250D Fleetside		3	Water Reticulation	2019/07/30	-	-	-	163 258	36 147	127 111
Ldv Isuzu KB250D Fleetside		3	Water Reticulation	2019/07/30	-	-	-	163 258	36 147	127 111
Ldv Isuzu KB250D Fleetside		3	Water Reticulation	2019/09/30	-	-	-	155 714	34 476	121 237
Ldv Isuzu KB250D Fleetside		3	Water Reticulation	2019/09/30	-	-	-	155 714	34 476	121 237
Ldv Isuzu KB250D Fleetside		3	Water Reticulation	2019/09/30	-	-	-	155 714	34 476	121 237
Ldv Isuzu KB250D Fleetside		3	Murraysburg Refuse Removal	2019/09/30	-	-	-	163 768	36 260	127 509
Ldv Isuzu KB250D Fleetside		3	Murraysburg Water Reticulation	2019/09/30	-	-	-	163 768	37 148	130 632
Ldv Isuzu KB250D Fleetside		3	Water Reticulation	2019/07/30	-	-	-	162 612	40 181	122 431
TRUCK REFUSE		3	Refuse Removal	2020/02/15	-	-	-	1 608 415	194 391	1 414 024
MACHINE PHOTOCOPY RICOH MP301spf		3	General Expenses	2020/01/30	-	-	-	18 768	1 807	16 961
MACHINE PHOTOCOPY RICOH MP301spf		3	Dir: Financial Services	2020/01/30	-	-	-	18 768	1 807	16 961
MACHINE PHOTOCOPY RICOH MP301spf		3	Thussing Centre	2020/01/30	-	-	-	18 768	1 807	16 961
MACHINE PHOTOCOPY RICOH MP301spf		3	General Expenses	2020/01/30	-	-	-	18 768	446	18 322
SAMSUNG SM-P555 (GALAXY TAB 9.7) WITH POUCH		2	Municipal Manager		-	-	-	7 439	1 134	6 305
SAMSUNG SM-P555 (GALAXY TAB 9.7) WITH POUCH		2	Dir: Corporate Services		-	-	-	7 439	1 134	6 305
SAMSUNG SM-P555 (GALAXY TAB 9.7) WITH POUCH		2	Dir: Financial Services		-	-	-	7 439	1 134	6 305
SAMSUNG SM-P555 (GALAXY TAB 9.7) WITH POUCH		2	Dir: Engineers Services		-	-	-	7 439	1 134	6 305
SAMSUNG SM-P555 (GALAXY TAB 9.7) WITH POUCH		2	Dir: Community Services		-	-	-	7 439	1 134	6 305
SAMSUNG SM-P555 (GALAXY TAB 9.7) WITH POUCH		2	Admin: Electrical		-	-	-	7 439	1 134	6 305
Total Lease Liabilities					1 294 082	-	1 294 082	6 898 227	2 358 067	5 834 242
TOTAL EXTERNAL LOANS					14 105 614	-	14 105 614	6 879 018	4 360 724	16 623 908

APPENDIX B - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
MUNICIPAL VOTES CLASSIFICATION

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
977 410	(3 251 033)	(2 273 623)	Admin: Commun Serv	308 021	(2 416 698)	(2 108 677)
277 949	(9 673 922)	(9 395 973)	Admin: Corp Serv	102 496	(9 305 678)	(9 203 182)
6 848 420	(17 801 729)	(10 953 309)	Admin: Electrical	1 088 545	(8 216 153)	(7 127 608)
556 240	(3 561 039)	(3 004 799)	Admin: Engineering Serv	287 281	(3 858 755)	(3 571 474)
8 729 115	(23 160 141)	(14 431 026)	Admin: Fin Serv	6 434 956	(20 321 930)	(13 886 974)
8 216	(496 960)	(488 744)	Admin: Nelspoort	3 059	(474 669)	(471 610)
60 102 836	(60 174 928)	(72 092)	Admin: Traffic	53 383 460	(45 239 093)	8 144 367
133 948	(5 215 156)	(5 081 208)	Admin: Water	383 890	(2 308 507)	(1 924 617)
87 400	(854 217)	(766 817)	Building Control	82 792	(932 611)	(849 819)
210 041	(361 036)	(150 995)	Cemetries	209 132	(344 967)	(135 835)
-	(1 953 556)	(1 953 556)	Fire Brigade	1 400 000	(2 788 866)	(1 388 866)
30 690 002	(12 018 249)	18 671 753	General Expenses	38 771 571	(17 086 989)	21 684 582
25 209 541	(26 420 302)	(1 210 761)	Housing Office	6 088 633	(7 211 075)	(1 122 442)
75 616	(97 807)	(22 191)	IDP: Co-Ordinator	-	(408 329)	(408 329)
265 413	(1 539 709)	(1 274 296)	Information Technology	14 490	(1 788 802)	(1 774 312)
7 754	(57 591)	(49 837)	Irrigation Water	7 707	(62 850)	(55 143)
18 554	(105 692)	(87 138)	Kwa-Mand Comm Hall	16 161	(126 261)	(110 100)
-	(865 173)	(865 173)	Kwa-Mand Office	-	(910 047)	(910 047)
2 361 584	(1 701 368)	660 216	Library Church Street	1 924 154	(1 902 235)	21 919
1 748 252	(1 622 890)	125 362	Library Mimosa	1 911 390	(1 967 193)	(55 803)
197 957	(213 370)	(15 413)	Library Nelspoort	204 130	(219 542)	(15 412)
-	-	-	Main Road	-	-	-
-	(1 964 186)	(1 964 186)	Mechanical Workshop	-	(2 189 302)	(2 189 302)
407 920	(5 430 079)	(5 022 159)	Municipal Buildings	432 599	(5 313 236)	(4 880 637)
-	(2 485 257)	(2 485 257)	Municipal Manager	-	(2 591 508)	(2 591 508)
24 359 329	-	24 359 329	Municipal Rates	26 503 676	-	26 503 676
1 187	(20 993)	(19 806)	Pound	4 093	(57 615)	(53 522)
420	-	420	Private Work	420	-	420
1 135 984	(6 054 163)	(4 918 179)	Recreation Sites	1 797 262	(7 237 092)	(5 439 830)
7 315 772	(9 815 569)	(2 499 797)	Refuse Removal	8 421 919	(9 476 846)	(1 054 927)
470 160	(3 458 292)	(2 988 132)	Reticulation: H Volt	3 058 327	(3 132 298)	(73 971)
70 674 488	(56 929 647)	13 744 841	Reticulation: L Volt	65 779 048	(54 447 973)	11 331 075
26 752	(61 339)	(34 587)	Rustdene Comm Hall	17 129	(123 286)	(106 157)
-	(571 623)	(571 623)	Rustdene Office	-	(663 301)	(663 301)
17 166	-	17 166	S/E 1 Rustdene	14 791	-	14 791
174 136	(172 608)	1 528	S/E 4 Rustdene	143 043	(119 273)	23 770
27 155	(27 156)	(1)	S/E 8 Rustdene	23 528	(23 528)	-
12 598	(12 598)	-	S/E 9 Rustdene	10 873	(10 874)	(1)
138 753	(221 819)	(83 066)	Service Connections	136 189	(238 297)	(102 108)
8 025 710	(4 769 693)	3 256 017	Sewerage Farm	-	(4 552 507)	(4 552 507)
15 418 273	(4 428 483)	10 989 790	Sewerage System	34 554 165	(5 183 081)	29 371 084
135 796	(2 089 949)	(1 954 153)	Stores	-	(1 799 171)	(1 799 171)
-	(1 640 424)	(1 640 424)	Street Cleansing	-	(1 721 259)	(1 721 259)
1 510 136	(5 353 433)	(3 843 297)	Street Lightening	1 166 398	(5 007 350)	(3 840 952)
1 209 732	(14 556 904)	(13 347 172)	Street works & Storm Water	10 161 524	(14 378 135)	(4 216 611)
96 086	(458 411)	(362 325)	Swimming Pool Birds	73 721	(389 680)	(315 959)
41 961	(502 717)	(460 756)	Swimming Pool Nieuvelid	32 833	(601 357)	(568 524)
-	(369 518)	(369 518)	Tourism	-	(421 915)	(421 915)
17 504	(118 923)	(101 419)	Town Commonage	(44 815)	(130 928)	(175 743)
-	(1 088 360)	(1 088 360)	Traffic Court	-	(914 390)	(914 390)
-	(4 036)	(4 036)	Traffic Lights	-	(39 123)	(39 123)
45 523	(194 577)	(149 054)	Vacuum Services	44 369	(210 808)	(166 439)
705 985	(419 939)	286 046	Vehicle Registration	753 387	(438 281)	315 106
164 177	(522 115)	(357 938)	Vehicle Testing Station	154 909	(643 969)	(489 060)
-	(12 288 957)	(12 288 957)	Water Purification	587 545	(15 721 117)	(15 133 572)
26 026 623	(9 486 135)	16 540 488	Water Reticulation	24 724 161	(7 648 834)	17 075 327
155 362	(662 375)	(507 013)	Internal Audit	-	(901 029)	(901 029)
70 607	(705 230)	(634 623)	Labour Relations	-	(687 532)	(687 532)
1 886 925	(1 017 462)	869 463	Murraysburg Administration	1 028 012	(1 377 762)	(349 750)
3 473 664	(5 441 986)	(1 968 322)	Murraysburg Electricity	4 347 719	(5 407 105)	(1 059 386)
583 528	(630 174)	(46 646)	Murraysburg Library	660 828	(660 830)	(2)
1 671 763	-	1 671 763	Murraysburg Municipal Rates	1 818 186	-	1 818 186
-	(139 347)	(139 347)	Murraysburg Recreation Site	-	(109 441)	(109 441)
667 180	(13 206)	653 974	Murraysburg Sewerage	5 767 325	(117 561)	5 649 764
902 675	(2 035 759)	(1 133 084)	Murraysburg Refuse Removal	958 465	(1 747 309)	(788 844)
979 251	(2 149 849)	(1 170 598)	Murraysburg Street Works & Storm Water	-	(2 249 526)	(2 249 526)
7 308	(12 384)	(5 076)	Murraysburg Swimming Pool	6 830	(17 916)	(11 086)
1 114 238	(1 465 719)	(351 481)	Murraysburg Water Works	927 666	(1 873 317)	(945 651)
243 949	(597 723)	(353 774)	Thusong Centre	435 006	(749 222)	(314 216)
488 065	(218 631)	269 434	Wheely Wagon Kwa Mandlenkosi	291 436	(337 673)	(46 237)
376 068	(339 715)	36 353	Murraysburg - Thusong Centre	61 896	(388 364)	(326 468)
309 321 333	(333 114 289)	(23 792 956)	Sub Total	307 533 875	(290 980 813)	16 553 062
-	12 368 673	12 368 673	Less Inter-Departmental Charges	-	13 315 367	13 315 367
309 321 333	(320 745 616)	(11 424 283)	Total	307 533 875	(277 665 446)	29 868 429

APPENDIX C - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
30 915 971	(16 240 629)	14 675 342	Executive & Council	38 771 571	(21 688 973)	17 082 598
36 791 144	(28 201 338)	8 589 806	Budget & Treasury	35 787 889	(25 546 880)	10 241 009
968 786	(16 762 633)	(15 793 847)	Corporate Services	504 770	(16 538 644)	(16 033 874)
719 256	(4 513 063)	(3 793 807)	Planning & Development	370 073	(5 199 695)	(4 829 622)
7 268 523	(10 144 892)	(2 876 369)	Community & Social Services	6 100 920	(10 332 528)	(4 231 608)
25 440 596	(26 632 664)	(1 192 068)	Housing	6 280 868	(7 364 750)	(1 083 882)
60 102 836	(63 216 844)	(3 114 008)	Public Safety	54 783 460	(48 942 349)	5 841 111
1 281 339	(7 167 022)	(5 885 683)	Sport & Recreation	1 910 646	(8 355 486)	(6 444 840)
8 218 447	(13 491 752)	(5 273 305)	Waste Management	9 380 384	(12 945 414)	(3 565 030)
24 156 686	(9 405 959)	14 750 727	Waste Water Management	40 365 859	(10 063 957)	30 301 902
3 059 145	(19 612 993)	(16 553 848)	Road Transport	11 069 820	(19 899 213)	(8 829 393)
27 282 563	(28 513 558)	(1 230 995)	Water	26 630 969	(27 614 625)	(983 656)
83 116 041	(89 210 942)	(6 094 901)	Electricity	75 576 646	(76 488 299)	(911 653)
						-
309 321 333	(333 114 289)	(23 792 956)	Sub Total	307 533 875	(290 980 813)	16 553 062
-	12 368 673	12 368 673	Less Inter-Departmental Charges	-	13 315 367	13 315 367
309 321 333	(320 745 616)	(11 424 283)	Total	307 533 875	(277 665 446)	29 868 429

APPENDIX D - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2016	Restated balance 1 July 2016	Income Transferred to Revenue	Transfer in	Contributions during the year	Interest on Investments (Only if a condition)	VAT Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Transfer out	Balance 30 June 2017	Unspent 30 June 2017 (Creditor)	Unpaid 30 June 2017 (Debtor)
UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R	R		R	R	R	R	R	R	R	R	R	R
NATIONAL													
Finance Management Restruc.	-	-	-	-	1 625 000	-	149 073	1 461 436	14 490	-	-	-	-
Electrification of Central Karoo	7 659 018	7 659 018	7 659 018	-	-	-	-	-	-	-	-	-	-
Intergrated National Electrification Programme Grant	-	-	-	-	4 500 000	-	552 632	-	3 947 368	-	-	-	-
MSIG	66 403	66 403	66 403	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme	-	-	-	-	1 617 000	-	5 353	1 611 647	-	-	-	-	-
PROVINCIAL													
Human settlements development grant (Beneficiaries) - Housing	-	-	-	-	32 934 480	4 921	-	6 088 389	26 016 926	-	834 085	834 085	-
Library Services	96 225	96 225	-	-	4 800 000	134 914	-	4 901 018	66 587	-	63 534	63 534	-
Community Development Workers (CDW) operational support grant	-	-	-	-	206 000	9 709	2 371	154 874	-	-	58 465	58 465	-
Municipal Infrastructure Support Grant	680 486	680 486	27 567	-	-	23 624	82 650	344 519	249 375	-	-	-	-
Western Cape Management Support Grant	910 948	910 948	2 364	-	340 000	65 520	133 902	900 593	-	-	279 610	279 610	-
Upgrading Elec Network Nelspoort	154 439	154 439	166 442	-	-	12 003	-	-	-	-	-	-	-
Development of Sport and recreation facilities	357	357	-	-	510 000	11 897	-	-	-	-	522 254	522 254	-
Department Local Government : Internship Programme	-	-	-	-	60 000	1 080	-	-	-	-	61 080	61 080	-

APPENDIX D - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2016	Restated balance 1 July 2016	Income Transferred to Revenue	Transfer in	Contributions during the year	Interest on Investments (Only if a condition)	VAT Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Transfer out	Balance 30 June 2017	Unspent 30 June 2017 (Creditor)	Unpaid 30 June 2017 (Debtor)
MIG													
Investigation Aquifers	1 523 892	1 523 892	1 523 892	419 802	250 000	-	82 256	-	587 545	-	-	-	-
PMU	-	-	-	-	275 000	-	653	269 246	-	5 101	-	-	-
Rustdene Sportsfield	-	-	-	-	233 441	-	16 188	-	181 863	35 390	-	-	-
Rehab Murraysburg Sanitation	-	-	-	225 689	5 537 000	-	707 699	-	5 054 991	-	-	-	-
Beaufort West Sport Stadium	-	-	-	-	1 862 571	-	67 317	-	604 945	1 190 309	-	-	-
Kwa-Mandlenkosi Sport Stadium	-	-	-	-	621 812	-	19 366	-	293 438	309 008	-	-	-
High Mast Lighting Greater B/West	-	-	-	587 666	30 176	-	75 875	-	541 967	-	-	-	-
High Mast Lighting Greater Nelspoort	-	-	-	465 441	200 000	-	81 721	-	583 720	-	-	-	-
Merweville Sports Field	-	-	-	-	12 500 000	-	81 648	-	583 197	-	11 835 155	11 835 155	-
Protea & Oak Streets	-	-	-	297 625	4 325 000	-	510 531	-	3 646 652	465 441	-	-	-
S8 Bulk Sewer Pumpstation	-	-	-	9 026	-	-	1 108	-	7 917	-	-	-	-
Total	11 091 767	11 091 767	9 445 684	2 005 249	72 427 480	263 669	2 570 344	15 731 722	42 380 983	2 005 249	13 654 183	13 654 183	-
UNSPENT/UNPAID CONDITIONAL PUBLIC CONTRIBUTION													
PRIVAAT													
Merweville Library Alteration	80 747	80 747	-	-	-	4 351	-	-	-	-	85 098	85 098	-
Nelspoort Farmers				6 008							6 008	6 008	-
Total	80 747	80 747	-	6 008	-	4 351	-	-	-	-	91 106	91 106	-
Total Receipts	11 172 514	11 172 514	9 445 684	2 011 257	72 427 480	268 021	2 570 344	15 731 722	42 380 983	2 005 249	13 745 289	13 745 289	-

APPENDIX E (1) - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2016/17							2015/16
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
Governance and administration	69 363	57	69 420	75 064	5 645	108.1%	108.2%	68 676
Executive and council	30 940	(518)	30 422	38 772	8 350	127.4%	125.3%	30 916
Budget and treasury office	36 812	349	37 161	35 788	(1 373)	96.3%	97.2%	36 791
Corporate services	1 611	225	1 837	505	(1 332)	27.5%	31.3%	969
Community and public safety	78 847	(6 053)	72 794	69 076	(3 718)	94.9%	87.6%	94 093
Community and social services	6 901	(153)	6 748	6 101	(647)	90.4%	88.4%	7 269
Sport and recreation	13 812	617	14 429	1 911	(12 518)	13.2%	13.8%	1 281
Public safety	49 401	(4 824)	44 577	54 783	10 206	122.9%	110.9%	60 103
Housing	8 733	(1 692)	7 040	6 281	(759)	89.2%	71.9%	25 441
Health	-	-	-	-	-	-	-	-
Economic and environmental services	4 071	8 059	12 130	11 440	(690)	94.3%	281.0%	3 778
Planning and development	402	(20)	382	370	(12)	96.9%	92.1%	719
Road transport	3 669	8 079	11 748	11 070	(678)	94.2%	301.7%	3 059
Environmental protection	-	-	-	-	-	-	-	-
Trading services	141 957	23 081	165 038	151 954	(13 084)	92.1%	107.0%	142 774
Electricity	84 319	1 381	85 699	75 577	(10 123)	88.2%	89.6%	83 116
Water	25 709	3 456	29 166	26 631	(2 535)	91.3%	103.6%	27 283
Waste water management	23 605	17 721	41 326	40 366	(960)	97.7%	171.0%	24 157
Waste management	8 324	523	8 847	9 380	533	106.0%	112.7%	8 218
Other	-	-	-	-	-	-	-	-
Total Revenue - Standard	294 237	25 144	319 381	307 534	(11 847)	96.3%	104.5%	309 321
Expenditure - Standard								
Governance and administration	50 025	3 112	53 137	63 038	9 901	118.6%	126.0%	60 466
Executive and council	15 307	1 581	16 887	21 680	4 793	128.4%	141.6%	16 232
Budget and treasury office	18 773	2 251	21 024	25 337	4 313	120.5%	135.0%	27 986
Corporate services	15 945	(720)	15 225	16 021	796	105.2%	100.5%	16 249
Community and public safety	74 062	(1 190)	72 873	72 836	(37)	99.9%	98.3%	105 315
Community and social services	10 921	(622)	10 299	9 567	(732)	92.9%	87.6%	9 391
Sport and recreation	7 729	(410)	7 319	7 019	(300)	95.9%	90.8%	6 131
Public safety	45 423	1 660	47 083	48 885	1 802	103.8%	107.6%	63 161
Housing	9 989	(1 818)	8 172	7 365	(807)	90.1%	73.7%	26 633
Health	-	-	-	-	-	-	-	-
Economic and environmental services	28 358	(908)	27 450	24 693	(2 758)	90.0%	87.1%	23 738
Planning and development	5 103	143	5 246	5 091	(155)	97.1%	99.8%	4 414
Road transport	23 255	(1 051)	22 204	19 601	(2 603)	88.3%	84.3%	19 324
Environmental protection	-	-	-	-	-	-	-	-
Trading services	125 315	(1 068)	124 247	117 099	(7 148)	94.2%	93.4%	131 226
Electricity	76 279	(158)	76 121	71 277	(4 844)	93.6%	93.4%	83 968
Water	24 113	(483)	23 631	23 422	(209)	99.1%	97.1%	25 472
Waste water management	10 718	(177)	10 541	9 456	(1 085)	89.7%	88.2%	8 295
Waste management	13 749	(229)	13 519	12 945	(574)	95.8%	94.2%	13 492
Other	455	(20)	435	-	(435)	-	-	-
Total Expenditure - Standard	277 760	(53)	277 707	277 665	(41)	100.0%	100.0%	320 746
Surplus/(Deficit) for the year	16 477	25 198	41 674	29 868	(11 806)	71.7%	181.3%	(11 424)

APPENDIX E (2) - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2016/17							2015/16
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue by Vote								
Executive and Council	30 940	(518)	30 422	38 772	8 350	127.4%	125.3%	30 916
Budget and Treasury Office	36 812	349	37 161	35 788	(1 373)	96.3%	97.2%	36 791
Corporate Services	1 611	225	1 837	505	(1 332)	27.5%	31.3%	969
Community and Social Services	6 901	(153)	6 748	6 101	(647)	90.4%	88.4%	7 269
Sport and Recreation	13 812	617	14 429	1 911	(12 518)	13.2%	13.8%	1 281
Public Safety	49 401	(4 824)	44 577	54 783	10 206	122.9%	110.9%	60 103
Road Transport	3 669	8 079	11 748	11 070	(678)	94.2%	301.7%	3 059
Electricity	84 319	1 381	85 699	75 577	(10 123)	88.2%	89.6%	83 116
Water	25 709	3 456	29 166	26 631	(2 535)	91.3%	103.6%	27 283
Waste Water Management	23 605	17 721	41 326	40 366	(960)	97.7%	171.0%	24 157
Waste Management	8 324	523	8 847	9 380	533	106.0%	112.7%	8 218
Environmental Protection	-	-	-	-	-	-	-	-
Other	9 135	(1 712)	7 422	6 651	(771)	89.6%	72.8%	26 160
Example 14 - Vote14			-	-	-	-	-	-
Example 15 - Vote15			-	-	-	-	-	-
Total Revenue by Vote	294 237	25 144	319 381	307 534	(11 847)	96.3%	104.5%	309 321
Expenditure by Vote to be appropriated								
Executive and Council	15 307	1 581	16 887	21 680	4 793	128.4%	141.6%	16 232
Budget and Treasury Office	18 773	2 251	21 024	25 337	4 313	120.5%	135.0%	27 986
Corporate Services	15 945	(720)	15 225	16 021	796	105.2%	100.5%	16 249
Community and Social Services	10 921	(622)	10 299	9 567	(732)	92.9%	87.6%	9 391
Sport and Recreation	7 729	(410)	7 319	7 019	(300)	95.9%	90.8%	6 131
Public Safety	45 423	1 660	47 083	48 885	1 802	103.8%	107.6%	63 161
Road Transport	23 255	(1 051)	22 204	19 601	(2 603)	88.3%	84.3%	19 324
Electricity	76 279	(158)	76 121	71 277	(4 844)	93.6%	93.4%	83 968
Water	24 113	(483)	23 631	23 422	(209)	99.1%	97.1%	25 472
Waste Water Management	10 718	(177)	10 541	9 456	(1 085)	89.7%	88.2%	8 295
Waste Management	13 749	(229)	13 519	12 945	(574)	95.8%	94.2%	13 492
Environmental Protection	-	-	-	-	-	-	-	-
Other	15 548	(1 695)	13 853	12 456	(1 397)	89.9%	80.1%	31 046
Example 14 - Vote14			-	-	-	-	-	-
Example 15 - Vote15			-	-	-	-	-	-
Total Expenditure by Vote	277 760	(53)	277 707	277 665	(41)	100.0%	100.0%	320 746
Surplus/(Deficit) for the year	16 477	25 198	41 674	29 868	(11 806)	71.7%	181.3%	(11 424)

APPENDIX E (3) - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE

Description	2016/17							2015/16
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates	27 705	556	28 261	28 322	61	100.2%	102.2%	26 031
Property rates - penalties & collection charges	600	–	600	593	(7)	98.8%	98.8%	553
Service charges	110 853	1 609	112 462	102 526	(9 936)	91.2%	92.5%	97 609
Rental of facilities and equipment	1 275	114	1 389	1 225	(164)	88.2%	96.1%	1 085
Interest earned - external investments	1 260	–	1 260	1 354	94	107.4%	107.4%	1 883
Interest earned - outstanding debtors	2 087	476	2 563	2 662	99	103.9%	127.6%	2 041
Dividends received	–	–	–	–	–	–	–	–
Fines	49 409	(4 724)	44 685	53 654	8 968	120.1%	108.6%	60 208
Licences and permits	610	2	612	523	(90)	85.3%	85.6%	563
Agency services	670	–	670	714	44	106.6%	106.6%	660
Transfers recognised - operational	63 897	(300)	63 597	62 301	(1 296)	98.0%	97.5%	96 002
Other revenue	5 327	960	6 287	9 881	3 594	157.2%	185.5%	8 130
Gains on disposal of PPE	–	–	–	–	–	0.0%	0.0%	–
Total Revenue (excluding capital transfers and contributions)	263 692	(1 307)	262 385	263 753	1 368	-20076.0%	100.0%	294 765
Expenditure By Type								
Employee related costs	86 951	(2 393)	84 558	87 691	3 132	103.7%	100.9%	79 880
Remuneration of councillors	4 967	54	5 021	4 784	(237)	95.3%	96.3%	4 522
Debt impairment	37 233	(2 433)	34 800	39 542	4 742	113.6%	106.2%	69 311
Depreciation & asset impairment	16 152	–	16 152	16 560	408	102.5%	102.5%	15 280
Finance charges	1 633	(22)	1 612	6 590	4 979	408.9%	403.5%	5 719
Bulk purchases	65 244	360	65 604	53 350	(12 254)	81.3%	81.8%	47 916
Other materials	21 892	(2 881)	19 010	14 309	(4 701)	75.3%	65.4%	24 129
Contracted services	7 982	4 059	12 041	14 263	2 223	118.5%	178.7%	11 957
Transfers and grants	150	21	171	98	(73)	57.4%	65.4%	35
Other expenditure	35 556	3 182	38 737	35 648	(3 089)	92.0%	100.3%	61 973
Loss on disposal of PPE	–	–	–	4 830	4 830	#DIV/0!	#DIV/0!	23
Total Expenditure	277 760	(53)	277 707	277 665	(41)	-520488.9%	100.0%	320 746
Surplus/(Deficit)	(14 068)	(1 254)	(15 322)	(13 913)	1 409	90.8%	98.9%	(25 981)
Transfers recognised - capital	30 545	26 451	56 996	42 381	(14 615)	74.4%	138.7%	14 556
Contributions recognised - capital	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	1 400	1 400	0.0%	0.0%	–
Surplus/(Deficit) for the year	16 477	25 198	41 674	29 868	(11 806)	71.7%	181.3%	(11 424)

APPENDIX E (4) - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2016/17							2015/16
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote								
Single-year expenditure								
Executive and Council	-	-	-	53	53	100.0%	100.0%	16
Budget and Treasury Office	-	4	4	292	288	7132.3%	100.0%	125
Corporate Services	1 200	(506)	694	518	(176)	74.6%	43.1%	328
Community and Social Services	-	96	96	1 189	1 092	1235.1%	#DIV/0!	480
Sport and Recreation	13 592	591	14 183	1 029	(13 154)	7.3%	7.6%	883
Public Safety	-	18	18	20	2	109.5%	#DIV/0!	635
Road Transport	6 064	5 710	11 774	3 994	(7 779)	33.9%	65.9%	6 690
Electricity	6 554	(731)	5 823	2 701	(3 123)	46.4%	41.2%	9 514
Water	100	3 257	3 357	651	(2 705)	19.4%	652.3%	5 433
Waste Water Management	6 658	17 256	23 915	8 038	(15 876)	33.6%	120.7%	5 612
Waste Management	-	336	336	1	(335)	0.4%	#DIV/0!	1 780
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	2
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
Capital single-year expenditure	34 168	26 031	60 199	18 487	(41 713)	31%	54%	31 499
Total Capital Expenditure - Vote	34 168	26 031	60 199	18 487	(41 713)	31%	54%	31 499
Capital Expenditure - Standard								
Governance and administration	1 200	(502)	698	863	165	123.7%	71.9%	470
Executive and council	-	-	-	53	53	#DIV/0!	#DIV/0!	16
Budget and treasury office	-	4	4	292	288	7132.3%	#DIV/0!	125
Corporate services	1 200	(506)	694	518	(176)	74.6%	43.1%	328
Community and public safety	13 592	705	14 297	2 238	(12 060)	15.7%	16.5%	1 998
Community and social services	-	96	96	1 189	1 092	1235.1%	#DIV/0!	480
Sport and recreation	13 592	591	14 183	1 029	(13 154)	7.3%	7.6%	883
Public safety	-	18	18	20	2	109.5%	#DIV/0!	635
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	6 064	5 710	11 774	3 994	(7 779)	33.9%	65.9%	6 692
Planning and development	-	-	-	-	-	-	-	2
Road transport	6 064	5 710	11 774	3 994	(7 779)	33.9%	65.9%	6 690
Environmental protection	-	-	-	-	-	-	-	-
Trading services	13 312	20 119	33 431	11 392	(22 039)	34.1%	85.6%	22 339
Electricity	6 554	(731)	5 823	2 701	(3 123)	46.4%	41.2%	9 514
Water	100	3 257	3 357	651	(2 705)	19.4%	652.3%	5 433
Waste water management	6 658	17 256	23 915	8 038	(15 876)	33.6%	120.7%	5 612
Waste management	-	336	336	1	(335)	0.4%	#DIV/0!	1 780
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	34 168	26 031	60 199	18 487	(41 713)	31%	54%	31 499
Funded by:								
National Government	30 035	37	30 072	12 679	(17 392)	42.2%	42.2%	23 707
Provincial Government	510	26 415	26 925	1 807	(25 118)	6.7%	354.3%	163
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	30 545	26 451	56 996	14 486	(42 510)	25%	47%	23 869
Public contributions & donations	-	-	-	70	70	#DIV/0!	#DIV/0!	363
Borrowing	-	-	-	2 509	2 509	#DIV/0!	#DIV/0!	4 093
Internally generated funds	3 623	(420)	3 203	1 421	(1 782)	44.4%	39.2%	3 173
Total Capital Funding	34 168	26 031	60 199	18 487	(41 713)	31%	54%	31 499